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ABSTRACT

A study examined basic skills programs at 21 Illinois companies. Most of the top managers interviewed recognized the basic skills training needs of their work forces; however, only 14 of the companies actually offered workplace basic skills programs. Three major motivating factors were identified as catalysts for beginning a program: a drive for quality improvement (7 companies), commitment to worker education on the part of top management (5 companies), and the sales efforts of educational vendors (2 companies). The programs shared many similarities. Participating employees generally received 2 hours of class instruction weekly for an average of 5 months, classes were run much like traditional adult education classes, and most courses were designed and taught by community college personnel. Program strength and intensity varied greatly from site to site depending on teacher and company input into program design and monitoring. A series of recommendations related to collective, education providers', business community, policymakers', and program partners' responsibilities in the area of workplace basic skills programming is included. (Profiles of the 21 companies are appended, and 24 bibliographic citations and 42 suggested readings are listed.) (MN)

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Learning that works

Programs and Structures Report 1

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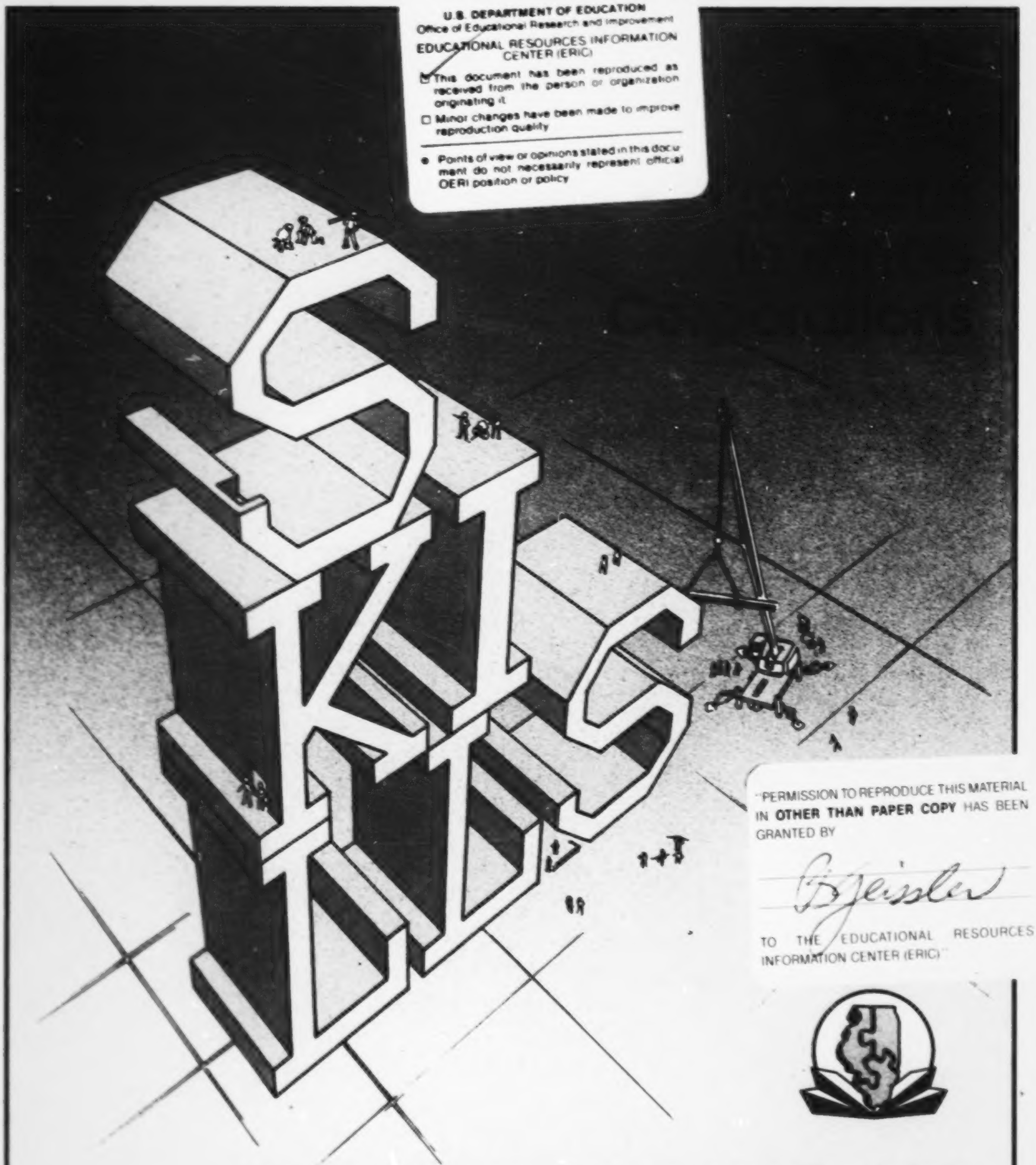

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Learning that Works: Basic Skills Programs in Illinois Corporations

Programs and Structures, Report #1

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Table of Contents

Executive Summary 5
  The Study 5
  Illinois Findings 5
  Conclusion 7

Introduction 8
  Background 8
  Purpose 8
  Investigation 9
  Structure of the Study 9

A Historical Perspective 12
  The Changing Work Place 12
  The Widening Skills Gap 13
  Efforts to Close the Gap 13
  Further Challenges 14

Illinois Findings 16
  Illinois' Economic Landscape 16
  The Companies in the Study 16
  Motivating Factors — why companies that provide basic skills programs do so 17
  Why Don'ts Don't and Dos Stop 22
  What Kept Sites from Offering Training? 24
  Lessons Learned: Factors Influencing Program Initiation and Development 24
  An Examination of the Developmental Process 26
  Program Characteristics 28

Recommendations 38

Bibliography 42

Other Related Reading 44

Acknowledgements 47

Appendix A: Participating Companies 49

Appendix B: Explanation of Table 2 and Graph 1 50

Appendix C: Company Profiles 51
  Wm. Dudek Manufacturing Company 51
  Elco Industries, Inc. 56
  Eli's, Chicago's Finest Cheesecake, Inc. 60
  FAB Systems 64
  Gaylord Container Corporation 66
  HCC, Inc. 68
  Mccormick & Company, Inc. 72
  Methodist Medical Center Of Illinois 76
  Morton Machining And Manufacturing 79
  National Building Systems 81
  OTTO Engineering 84

Spiegel, Inc. 87
Stevens Industries, Inc. 90
Watlow Batavia 93
Cookie Kingdom 96
Lewis Spring Division of Quincy Spring Group 98
Little Lady Foods, Inc. 100
Pyramid Northern Mouldings 104
Ready Metal Manufacturing 107
Weco Industries 109
Willamette Industries 112
Biographies 115
The ILRDC 115

EXECUTIVE SUMMARY

The fact that the work place has changed dramatically has become common knowledge, discussed at dinner tables, in board rooms and at educational institutions across the country. While it is acknowledged that these changes are placing new demands on the present work force, the mechanics of how to meet those demands are often glossed over or ignored altogether. This is especially true as it relates to front-line workers, those who, traditionally, have the least access to employer-sponsored education and training. This report, *Learning that Works,* reveals how some innovative small and medium-sized companies are addressing these issues.

The Study

Twenty-one Illinois companies participated in an in-depth study of work place basic skills programs—programs designed to give workers the reading, writing, communication and problem-solving skills necessary in today's work place. The study was designed to examine why some companies provide basic skills programs while others do not, the structure and function of basic skills programs, and what policies might stimulate the implementation and growth of basic skills programs.

Illinois Findings

While the majority of top managers from companies in the study expressed a recognition of the basic skills needs of their work forces, this knowledge did not necessarily correspond to the development or implementation of a work site basic skills program. Instead, three major motivating factors were identified as the catalyst for beginning a program. These factors were a drive for quality improvement, commitment on the part of top management or the sales effort of an educational vendor.

Quality Improvement Effort

Of the 14 companies which did offer work place basic skills programs, half initiated the programs in order to achieve a new level of "quality improvement." For this group of companies, a new emphasis on quality necessitated a change in the manufacturing process. Implementation of new production techniques then revealed basic skills problems among the work force. At the majority of these companies, the goal of the basic skills program was to prepare employees to succeed in the company's quality improvement program. Not surprisingly, six of the seven companies which fell into this category were manufacturing firms.

Commitment to Worker Education

One-third of the basic skills programs were implemented primarily because of upper management's "commitment" to worker education or a corporate culture which supported education in general. For the five companies belonging to this group, training and education were already a strong part of the management philosophy or were assumed to have some positive impact on production, employee relations or communication. Unlike the "quality improvement" companies, this group represented a much wider range of business sectors, including manufacturing (1), food production (2), health care (1) and retail/warehouse (1).

At these companies, the education program was much more general in nature. The goal of the program was not primarily to enable employees to succeed in other company training, but to allow employees to pursue their own educational goals and interests.

Sales Effort of Education Provider

At two companies, an education provider "sold" management on the benefits of providing a basic skills program. Resolute marketing by the education provider persuaded management at these sites to give work site basic skills programs a chance. A clear incentive for these companies was the fact that the educational provider was prepared to design and conduct the program at a low cost.

Where Programs Were In Place—What Did They Look Like?

As could be expected, the work site basic skills programs shared many similarities. Typically, an employee participating in a work site basic skills program had two hours of class per week for an average of five months. Classes were run much like traditional adult education classes. Students had varied abilities and were encouraged to work on skills at their own pace. Most sites relied on prepared curricula and traditional adult education and English-as-a-Second-Language materials. Some also used work site materials for instructional purposes.

At the majority of the sites, the classes were designed and taught by community college personnel. Some of the colleges gave special training to the teachers to prepare them to work in the company setting; however, this was rare.

Fifty percent of the companies paid employees for time in class. Nearly 30 percent of the companies required employees to attend on their own time, and 20 percent split the time investment down the middle with employees donating one hour and the company paying for the other. All the classes were held at the work site.

The strength and intensity of the programs varied from site to site, depending on the teacher's and the company's input into program design and monitoring. Company personnel often took a "laissez faire" approach to basic skills programs in the beginning stages. However, as programs developed, managers learned more about the possibilities and eventually became more involved in shaping the programs. A program's longevity seemed to be dependent upon how well it met employer expectations and how willing employers were to modify their expectations.

Although a formal evaluation of student progress was done in more than 50 percent of the situations, it was rare for a company to have formal data demonstrating academic progress for student-employees. On the other hand, employers were quick to mention that the programs had significant positive impacts on their work forces. Moderate gains were reported in reading, writing and math skills. Supervisors and managers were equally pleased with program impacts on employee morale, attendance and initiative.

Student-employees were very enthusiastic about the programs. Most said the classes helped them achieve both work-related and personal goals. Across the board, they encouraged all employers to offer basic skills programs to their employees.

Conclusion

Work place basic skills programs offer a unique opportunity to assist front-line workers in gaining the basic skills required to help move our economy into the 21st century. The necessary commitment to these programs requires the development of new relationships among business leaders, educators and policy-makers. Together, these communities must foster a broad understanding of what constitutes basic skills and work cooperatively to overcome barriers to initiating and maintaining programs. A unified effort can truly make "learning work."

INTRODUCTION

Background

U.S. business is making new and greater demands on its employees—demands that dramatically alter training needs and forevermore change the definition of basic work skills. Increasingly, business wants employees at all levels who can read, write, problem solve, do basic math and communicate effectively with each other and with individual customers. This has forced employers and policy-makers to re-examine the training and education needs of the present work force. What this re-examination has revealed is that work site education is often least available to those employees whom it might benefit most.

Work force education, work force literacy and basic skills training are all descriptors of a new movement in education and training—a movement to provide the American work force with the basic reading, writing, math, problem-solving and communication skills needed to succeed in the jobs of today.[1] At both national and state levels, the spotlight has been focused on these programs as the wave of the future and an integral part of the solution to the present work force "crisis." These programs are unusual in that they provide training and education to employees on the front lines, those who, traditionally, have had few work-sponsored education opportunities.

Because they are relatively new, information about the effectiveness of work site basic skills programs, how they are designed and how companies may be encouraged to participate in them is scarce. This is especially true for small and medium-sized companies. To enhance the knowledge base, the Illinois Literacy Resource Development Center (ILRDC) participated in a two-year investigation of work site basic skills programs at small and medium-sized businesses in Illinois.

The study, of which this report is one outcome, testifies to the interest in and hopes placed upon work place basic skills programs at small and medium-sized businesses in Illinois. The 22 Illinois businesses visited for this project represented a wide range in development and commitment to work place basic skills programs. The varied experiences described herein give insight into why programs were developed, the diverse program structures and the impact of such programs on corporate management practices.

Purpose

The purpose of this report is to provide background information on how and why basic skills programs exist, describe the structure and function of basic skills programs at small and medium-sized businesses in Illinois, and present recommendations to educators, business representatives and policy-makers to assist them in the development of effective work place basic skills programs. This report is the first in a series of two; the other report examines state and corporate policy-making in greater depth.

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[1] It is important to emphasize that literacy in its narrowest sense—"the three Rs"—does not fully encompass the definition of literacy adopted in this report. For the purposes of this discussion, literacy should be understood as incorporating reading, writing, communication, problem-solving and basic math skills.

Investigation

In November 1990, the Illinois Literacy Resource Development Center (ILRDC) joined in a national effort to examine basic skills training programs in small and medium-sized businesses. The 18-month national effort was initiated by the Southport Institute for Policy Analysis (SIPA), a Washington, D.C.-based research and policy analysis organization. Five states were included in the national investigation: Illinois, California, Michigan, South Carolina and North Carolina.[2] Except for Illinois, subcontractors were hired in each state to conduct the local research. The work of the ILRDC, while conducted as part of the national study, was funded separately, largely by the Joyce Foundation. The five-state study was designed to specifically examine the intersection of small and medium-sized business needs and interests with the provision of work place basic skills programs. The following questions guided the study:

- Why do corporations invest, or refrain from investing, in basic skills instruction that might benefit their workers and improve productivity?
- What types of programs are corporations willing to support, under what conditions and for what reasons?
- What changes are required in corporate planning, management practices and other aspects of corporate culture to both increase basic skills investments and maximize the success of basic skills programs?
- How effective are corporate basic skills programs in achieving the goals of employers and employees as well as social goals that policy-makers seek?
- What types of policies or other interventions by government at various levels, by business leadership groups or by others are most likely to bring about the level and type of investment in basic skills instruction that will achieve the goals of both policy-makers and employers?

Structure of the Study

Information to answer these questions was gathered primarily from interviews with company personnel and education providers, on-site observations of the basic skills programs and a follow-up telephone survey.

Company Selection

Potential businesses were recruited through a variety of methods, beginning with an announcement at the Illinois Work force Education Conference in May 1991. Company selection was based on the following definition of a work place basic skills program.[3]

> *A formal education program for workers to which their employers make some type of cash or in-kind contribution and which offers instruction in any or all of the following skills: reading, writing, mathematics, ESL, problem solving, and interpersonal skills.* (Chisman, 1992)

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[2] For information on the national study, refer to *The Missing Link; Smart Workers, Smart Work*; and *Learning that Works*, all publications of the Southport Institute for Policy Analysis.

[3] This definition not only guided the selection of companies to participate in the project, but is the definition of work place basic skills programs as used throughout the report.

Emphasis was placed on finding programs designed specifically for "front-line" workers—those primarily responsible for production or interaction with customers.

A representative group of 15 companies that provided work site basic skills programs was selected. To provide a comparison group, seven companies which **did not** provide work site basic skills programs were also chosen to participate.[4]

Of those which did provide work site basic skills programs, 10 were manufacturing firms, three produced food products, one was a hospital and one was a warehouse. The seven companies which did not provide basic skills training included five manufacturing firms and two food production companies. For a complete list of companies included in the study see appendix A.

For the purposes of this report, only 21 companies (14 which provided basic skills programs and seven which did not) are part of the data summary. This is because one site was an Illinois division of a national company. While the company did offer work site basic skills programs at other locations, it did not have a program in place in Illinois. Therefore, data about that program are not included within this report.

It should be noted that the selection process resulted in a high percentage of manufacturing companies participating in the study. Manufacturing firms have historically been more likely to offer work site basic skills programs. This may not be surprising, given the fact that large manufacturing firms tend to offer more training to employees than other types of firms. (L. Mikulecky, personal communication)

Nevertheless, companies in other industries, especially the service sector, have expressed great interest in providing work site basic skills programs, and many have such programs in place. Indeed, one of the earliest established programs in Illinois is in the food-service industry. Clearly, further study of basic skills programs in a variety of industrial sectors would be beneficial.

Procedures

The Illinois study is based on in-depth interviews with personnel at each company. Interviews were conducted by ILRDC staff and four trained consultants. ILRDC staff and consultants were paired and assigned a number of firms to visit. Twenty-two site visits were conducted during the months of July, 1991 -- January 1992. Conversational and structured interviews[5] were held with an average of eight persons per site. In most cases, the interviewers met with a top manager, a human resource specialist, a line supervisor, an employee group, a union representative (where applicable) and the education provider (in companies which provided work place basic skills programs).

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[4] The selection criteria were pre-determined by SIPA. The original intent of the selection process was to provide groups of three companies each. The groups were to be composed of three similar size, similarly located companies, classified within the same industry. Two of the companies were to be "do" firms, those which provided basic skills programs. One company was to be a "don't" firm, one which did not provide a basic skills program. It was hoped that by grouping the firms in this manner more accurate data would be received. However, due to the low incidence of basic skills programs, it was impossible to achieve this exact grouping. Instead, all the case studies have been compared and grouped according to similarities and divergences.

[5] Interview forms and protocols are the property of SIPA. They were designed by Berkeley Associates, under contract with SIPA, and with input from state subcontractors and expert consultants.

The interviews conducted at sites where programs were in place ("do" companies) were designed to probe the reasons for implementation of the basic skills training programs, barriers encountered, program structures, program impacts and potentially useful policy interventions to stimulate training. The interviews at companies where basic skills programs were not provided ("don't" companies) were structured to probe potential barriers to providing basic skills programs, the perceived need for basic skills education within the business community and policy interventions which would help the companies offer basic skills programs. General information on the corporate structure and business climate was sought from both "do" and "don't" companies.

Based on the interviews, ILRDC staff and consultants prepared a corporate profile for each site visited (appendix C).[6] The profiles give general information about the firm and the work climate, discuss the perceived need for basic skills among the work force and outline policy suggestions from the top managers. Additionally, profiles of the "do" companies explore the impetus behind their programs, the program structures and impacts.

In addition to preparing the profiles, ILRDC staff and consultants met to analyze the Illinois findings. This process revealed trends and patterns in decision-making, program implementation, structure and impact. The findings discussed herein are a product of those meetings or a summary of information in the profiles. Readers interested in specific findings from individual companies are encouraged to thoroughly review the corporate profiles.

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[6] Both company personnel and the education provider (where appropriate) were given the opportunity to comment upon and correct factual information in the corporate profiles. At the completion of the study, the contact person from one company requested that its corporate profile not be included in the report. Accordingly, this profile is not included.

A HISTORICAL PERSPECTIVE

The following section outlines the need for basic skills programs in both the state and nation. It also describes the many factors which influenced the development of programs locally and nationwide.

The Changing Work Place

As a result of rapid changes in the work place, reading, writing and mathematics no longer solely define basic skills for work. In its widely reported study of work place basic skills conducted over a 34-month period beginning in 1986, the American Society for Training and Development (ASTD) stated: "The skills that employers are looking for include problem solving, personal management, and interpersonal skills as well as the abilities to conceptualize, organize, and verbalize thoughts; to resolve conflicts; and to work in teams—all of these skills are critical but often lacking." (Carnevale, et al; 1991, p. xiii)

The February 1991 report *Chicago Challenge: Workforce Development* concluded much the same when it said, "Skills needed for success at work include the traditional three R's and much more. Requisite capacities include knowing how to learn, communication, problem-solving, teamwork, goal-setting, motivation and specific technical skills required for different occupations." (Chicago Council on Urban Affairs, 1991, p.20)

A major national report released in June 1991 by the U.S. Department of Labor reinforces the findings of these and other studies. In *What Work Requires of Schools*, the Secretary's Commission on Achieving Necessary Skills (SCANS) lays out essential skills requirements:

- traditional basic skills (reading, writing and mathematics)
- interpersonal skills (teamwork, teaching others, customer service, leading, negotiating and working with people from culturally diverse backgrounds)
- information skills (acquiring and evaluating data, interpreting and communicating)
- thinking skills (thinking creatively, making decisions, solving problems, knowing how to learn and reasoning)
- personal qualities (individual responsibility, self-esteem, sociability, self-management and integrity) (SCANS Report for America 2000, 1991)

What makes these demands for higher order skills so dramatic and different is that for the first time they are being applied to virtually all levels of employees. Historically, specific "skilled" jobs, such as tool and die maker, required a number of higher order skills, but most higher order skills were required only of mid-level managers and up. Few higher order skills were needed by workers on the shop floor or in other production-level jobs. Now, however, the effort to re-establish the preeminence of U.S. business in the global marketplace requires "world-class manufacturing" firms. And world-class manufacturing firms, regardless of size, must have employees who can think, reason together, solve problems and produce positive results. This is far removed from the attitude that led many employers for decades to virtually instruct workers to "check their brains at the door."

The Widening Skills Gap

Changes in what constitutes work place basic skills didn't happen overnight. Two major developments converged to provide the greatest impetus for change. From one side has been an increasing public awareness of the dramatic illiteracy problem in the United States. This awareness began to build momentum in 1974 when the University of Texas released the results of its Adult Performance Level (APL) study, which was funded by the U.S. Office of Education. Its release struck the public and political nerve. Headlines thundered the results across the nation–**25 Million Americans Can't Read!**

While the country was being awakened to a major literacy problem that was threatening to undermine our national capabilities, U.S. business was recognizing that it was losing ground in the global marketplace. Companies found themselves less able to competitively produce quality goods and services, and the curve was decidedly downward. Many major U.S. companies reacted by establishing programs to turn the situation around. In addition, the government supported research and encouraged new work organizations and structures. As a result, a different type of work environment began to emerge, and a developing new work place vocabulary gave us terms such as Total Quality Management (TQM), Statistical Process Control (SPC), just-in-time production, high-performance work place and world-class manufacturing.

But surprises awaited companies implementing newly devised quality improvement programs. The need to hand over more responsibility and accountability to employees ran head on into the very basic skills deficiencies the APL study had highlighted. Large numbers of employees simply did not have the skills to do the math, reading and writing required for successful implementation of quality control programs. But more importantly, they didn't have the higher order skills required to operate independently either as individuals or in groups.

Other important data continued to add fuel to the fire. A 1982 Survey of Basic Skills in the U.S. Work Force conducted by the Center for Public Resources included the following among its findings:

- 30% of companies surveyed reported secretaries had difficulty with work-related reading
- 50% reported grammatically incorrect writing among managers and supervisors
- 50% reported that skilled and semi-skilled employees did not understand how to use decimals and fractions in math problems (Center for Public Resources, 1983)

Ten years later, those and other deficiencies still exist. In a study in which the National Alliance of Business surveyed 2,500 companies with 500 or fewer employees, five problem areas were cited:

- 70% of companies surveyed reported problems with employees' basic writing
- 61.8% reported basic arithmetic weaknesses
- 64% said listening and following oral instructions is a problem area
- 59.2% noted that workers don't understand manuals, graphs and schedules
- 58.4% say speaking is a shortcoming (The National Alliance of Business, 1992)

Efforts to Close the Gap

Although many companies had recognized basic skills problems in their work forces long before the Center for Public Resources made its 1982 survey, few took action to provide training for their employees. As Thomas Sticht and Larry Mikulecky report, "In 1977, Lusterman surveyed general training in 610 companies employing 500 or more employees . . . Lusterman found only 8 percent of surveyed companies sponsoring training in basic education for employees in contrast to 60 percent offering management training and 54 percent offering technical training." (Sticht and Mikulecky, 1988, p.8)

By 1982, when Mikulecky and Cousin surveyed training in Fortune 500 companies, 9 percent of the surveyed companies implied that they provided traditional basic skills training, and an additional 14 percent were said to provide training in English as a Second Language. (Sticht and Mikulecky, 1988, p.9) Clearly, some large businesses were getting onto the basic skills bandwagon.

By the mid-'80s, the literacy snowball had grown, and formal structures to deal with it were being put in place across the country. Illinois was an early entrant when in 1984 then-Governor James R. Thompson established the Illinois Literacy Council. The Council was placed under the direction of Jim Edgar, at that time Secretary of State and currently Governor. Among its efforts, the Council, in concert with the Secretary of State's Literacy Office, established a literacy grants program in which consortia involving businesses could apply for grants to set up work place basic skills programs.

Some years later, the U.S. Department of Education (US DOE), pushed by various advocacy groups, initiated a grants program to establish demonstration work place literacy projects. Through DOE's newly established National Work Place Literacy Program, money was provided to partnerships involving business, labor and educational organizations to implement programs designed to "increase worker productivity, ensure job retention, allow career advancement, and improve the educational and occupational skills of workers." These funded projects served as "models of promising practices in work place literacy that can be adopted by other businesses and schools." (Seamon and Newcomb, October 1990, p.32) It was hoped by many that through this program, work site basic skills education had received official sanction and backing.

In the meantime, the basic skills programs of some large companies were gaining national attention. That attention, coupled with high-profile federally funded demonstration projects, helped make clear that programs to develop newly defined work place basic skills could be conducted successfully in a work environment if the employer and unions were solidly behind it.

Further Challenges

In spite of such well-publicized successes, major barriers stand in the path of universal transition to a work force which possesses the new requisite basic skills. Nearly 90 percent of the people who will make up the U.S. work force in the year 2000 are already adults (F. Chisman, personal communication), but 20 million to 30 million of them have significant basic skills deficiencies. They cannot read, write, compute, solve problems or communicate at minimum levels required for most jobs. (Seamon and Newcomb, October 1990, p.32) The Governor's Task Force on Human Resource Development reports that in Illinois "an estimated 2 million Illinois citizens are functionally illiterate. In Cook County alone, an estimated 1.5 million lack a high school diploma." (Governor's Task Force on Human Resource Development, November 1990, p.2) *Chicago Challenge: Workforce Development* says, "The need for adult workforce development programs is clear. Current estimates report that there are approximately 650,000 English-speaking Chicago residents over the age of 16 whose basic skills (reading, writing, English and math) fall below the sixth-grade level. In addition, there may be 375,000 non-native English speakers in Chicago who cannot read or write English above the sixth-grade level. At the same time, it is anticipated that from 360,000 to 515,000 net new jobs will be created in Chicago in the decade of the 1990s, many of which call for literacy and computing skills significantly higher than those expected of entry-level workers in the past." (Chicago Council on Urban Affairs, 1991, p.4)

Add to this mix the continuing dramatic change in the overall makeup of the work force. The Bureau of Labor Statistics predicts that by the year 2000, women will make up more than 47 percent of the labor force, up from 39 percent in 1972. (Kutscher, 1987, p.4) The Hudson Institute in its 1987 report *Workforce 2000* projects that 80 percent of new entrants into the work force by the year 2000 will be women, minorities and immigrants. The Hudson Institute data indicate that non-white native men and women, who accounted for 10 percent of new labor market entrants in 1985, will account for 20 percent of new entrants by 2000. Immigrant men and women, who accounted for 7 percent of new labor market entrants in 1985, are expected to account for 22 percent of new entrants by 2000. (Hudson Institute, 1987)

It is widely reported that these demographic changes will require employers to do more basic skills training. Chicago Challenge states that Chicago businesses "will have to recruit from groups that have historically been the least successful at attaining the skills needed to participate in the work place—women and minorities." (Chicago Council on Urban Affairs, 1991, p.3) While it is debatable whether these new entrants will indeed require more basic skills education than others, there is no doubt that these demographic changes will continue to impact the face of tomorrow's work force.

When all is said about work place education, however, most of what has occurred seems to have taken place at large companies. "Few small businesses have organized Work Force Education programs," report the authors of *Closing the Literacy Gap in American Business*, even though nearly half of all U.S. workers are currently employed by small and mid-sized businesses. "Strategically," they say, "this represents a major training gap, considering projections that 85 percent of the work force in the year 2000 will work for firms employing fewer than 200 people." (Gordon, et al, 1991, p.12)

In *Competitive Challenges and Strategic Goals for Workforce Preparation in Illinois*, the Governor's Task Force on Human Resource Development said, "Illinois now faces new national and international challenges that threaten the competitiveness of its businesses and the standard of living of its residents. These challenges demand that Illinois take immediate steps to insure that we have world-class work places and a world-class workforce." In a later section of the report related solely to worker retraining and international competitiveness, the task force goes on to say that "government investment and technical assistance are critical in creating a world-class, front-line workforce, *especially for small and medium-sized businesses* (emphasis ours)." (Governor's Task Force on Human Resource Development, 1992, p.5)

It is clear that both local and national demand for higher order basic skills will continue to mount in small and mid-size businesses and that data about both needs and programmatic approaches to teaching basic skills in these firms are badly needed. This study set out to fill this knowledge void and to determine ways to stimulate and provide support for work site basic skills programs in small and mid-sized Illinois firms.

ILLINOIS FINDINGS

Illinois' Economic Landscape

Illinois is one of the largest industrial regions in the nation. It ranks among the top in the production of fabricated metals, food products, rubber products, the manufacture of electrical machinery, and in the number of printing and publishing firms. While Chicago is the major industrial powerhouse within the state, manufacturing has a considerable presence in non-metropolitan counties.

The state's total employment approached 4.3 million jobs in 1992. Three industrial sectors — service, retail trade and manufacturing — account for 70 percent of Illinois' total employment. The service sector alone provides more than 30 percent of the state's jobs (Illinois Department of Employment Security). A recent report released by the Illinois Department of Employment Security predicts that labor demand will continue to increase over the course of the decade, topping 6.3 million by the year 2000. The leading growth industries in the state will be services, construction and finance-insurance-real estate. Although it has been predicted that the manufacturing sector will go through a period of slower growth, it is expected to account for nearly 10 percent of the overall employment increase. (Illinois Department of Employment Security, 1992)

The Companies in the Study

More than two-thirds of the companies participating in the study were manufacturing firms. Five of the studied companies were involved in food production/preparation, one was a hospital and one was a warehouse. One-third of the companies can be classified as medium-sized (between 100-500 employees) and 43 percent as small (employing under 100). The remaining larger companies were included in the study for balance and contrast.

The companies were located throughout the state, divided between mid-sized or suburban communities (12) and large Illinois cities (8). One company was located in a small town; however, no companies from rural Southern Illinois participated in the study.

Of those companies involved in the study, more than 50 percent reported having difficulty recruiting workers with the skills needed to do the job. English language skills, reading and math were listed as being in the shortest supply. Managers at two companies reported a "lack of work ethic" among the work force, and although not explicitly stated, this opinion about the work force was evidenced at several other firms. According to the supervisor at one company, "Young people just aren't motivated to work. We hire them and as soon as they find something else, they're gone."

Managers and supervisors at all the companies expressed an awareness of the basic skills needs of the general populace. However, several managers at companies in mid-sized communities reported that the problem did not exist in their towns. In the words of one respondent, "In the urban areas, like Chicago, it's a big problem. They can't find anyone capable. Here, there is no illiteracy problem." Ironically, most of the managers who expressed this sentiment also reported that they had identified skills problems within their work forces. This apparent contradiction may stem from a common misunderstanding, perpetuated by the popular media, that the 25 million adults who can't read, can't read a word. In fact, what that study revealed was a wide range of reading abilities, the majority of which were not sufficient to meet new job demands.

Of those managers who attributed the skills shortage to some specific factor, fully two-thirds blamed a "failing education system." Several of the top managers interviewed were highly involved in education reform in their communities. These and other managers expressed resentment toward the schools for failing to turn out a "quality product." It was mentioned on more than one occasion that businesses were, in essence, "paying twice" for the education of the work force — first in taxes that went to support the schools and second in training and education provided at the work site.

For the purposes of data analysis and reporting, the Illinois firms participating in the study were grouped according to whether basic skills programs were provided. Companies which did provide basic skills training to their work forces were classified as "dos." Companies which did not provide basic skills programs at the time of the study were classified as "don'ts." The next several sections examine why "dos" do and "don'ts" don't.

The Motivating Factors — Why Companies That Provide Basic Skills Programs Do So

While the majority of managers participating in the study expressed a recognition of the basic skills needs of their work forces, this knowledge did not necessarily correspond to the development or implementation of work site basic skills programs. Instead, the programs were implemented based on one major factor — a person with the power to do something about it. The single most important element in all cases was a person with the energy, vision, and/or ability to "enable" the development and implementation of a work site basic skills program. Whether the corporate CEO or the company trainer, that person had to dedicate the time and energy needed to get the program off the ground. Bolstering that person's devotion to the cause was one of three major influences: a drive for quality improvement, commitment to education on the part of top management or the sales effort of an educational vendor.

Quality Improvement

> *"We've changed the rules on our employees. Years ago, the only job requirements were a strong back and the ability to lift 50-pound bags. Today we need higher level skills."*
>
> —Joe Becker, McCormick & Company, Inc.

Of the 14 companies offering work place basic skill programs, fully half initiated the programs in order to achieve a new level of "quality improvement." This supports the assertion of one of the national reports derived from this study that "work place education in small firms is part and parcel of the quality movement in American business." (Chisman, 1992, p.7)

The quality movement has been a major force in the production changes and emerging skill needs noted in the historical perspective. This is because the quality movement has changed the way work is done. To fully comprehend how this has happened, it is important to understand the technical definition of quality and its relationship to the manufacturing process.

For the manufacturing and service sectors respectively, the definition of quality is the extent of product or service conformance to specification (E. Geissler, personal communication).[7] Reliability is conformance to a standard over the expected operating life of the product or service period. More commonly, quality and reliability are understood as synonymous. Whether the definition of quality is technical or commonly understood, the importance of producing a "quality" product is widely recognized as desirable among customers and producers.

Quality has an important relationship to creating and holding customers as well as to cost reduction. The underlying goal of all quality improvement programs is to increase customer satisfaction. Yet customer satisfaction can be difficult to measure and may take years to become evident. Cost reduction, however, can be readily measured in the short run. It is the link between quality and cost reduction which has interminably changed the manufacturing process.

Quality improvement programs seek to reduce costs by identifying critical points in the process and creating a method for product improvement within that process. Improvement of the process is significantly aided by the knowledge of those intimately involved in the manufacturing process — those who are performing the functions. Thus, the impact of the quality control movement on the work place is that employees become actively engaged in the production process, monitoring their own work and the ways in which it is done.

Not surprisingly, six of the seven Illinois companies which fell into the quality improvement category were manufacturing firms. In each of these cases, top management cited either internal or external pressures to improve quality. For example, managers at McCormick & Company, Inc. reported that the impetus for their Total Quality Management program came from an in-house effort to improve quality.

External pressures, on the other hand, most often come in the form of customer requirements that the company demonstrate active engagement in a quality improvement process. Elco Industries, for example, was required by its largest customer, an auto manufacturing firm, to demonstrate that Statistical Process Control (SPC) was in place in the factory. Moreover, the customer sent representatives to the plant to talk with production workers to confirm that they actually understood how to monitor and improve their work.

At all of the quality improvement sites, the introduction of new production techniques revealed basic skills problems among the work forces. Essentially, when the quality improvement programs "failed" at these companies, managers recognized and confronted low basic skills problems within their work forces. An excellent example of this situation is provided by the Wm. Dudek Manufacturing Company.

Dudek (see corporate profile, page 51) is a small manufacturing firm employing 35 people, a large percentage of whom are non-native English speakers. In 1989 and early 1990, company management decided to tackle the twin issues of productivity and quality. They began by meeting with the company's production workers to discuss company goals and objectives, customer needs and the ways in which industry changes were impacting Dudek's manufacturing processes. Subsequently, they instituted weekly, small-group quality meetings and began issuing specific written instructions on each work order.

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[7] In most cases, the specifications are derived from, or assumed to represent, customer demands. Because of the direct relationship between specifications and quality, if the specifications are lacking in some way, quality can and will suffer.

Management expected that this would result in improved quality and productivity on the shop floor. However, they found little change. After making their instructions even more specific and requesting that managers be contacted before the start of a job, they found there was still no change. Work proceeded as it always had. Managers and supervisors met with workers but found no trace of deliberate defiance on the part of the production work force. Ultimately, management concluded that the employees did not fully comprehend either the written or oral instructions. It was then that Dudek began searching for a way to enhance the basic skills of its work force. It is this evolving and sometimes slow realization, driven by changes in work practices, which typifies the motivation and process by which these companies decided to provide basic skills programs.

What basic skills were in short supply?

Of the seven businesses classified as being driven by quality concerns, three found that their quality programs were not successful due to a lack of English communication skills on the part of their work forces. For these sites, getting beyond the communication barrier was of primary importance. All three of these sites had a large percentage of non-native English speakers (70 percent or more). A slightly smaller number (2) of the sites were primarily concerned with the math skills of their employees. At both of these sites, implementation of SPC could not be accomplished without basic math skills in addition to SPC training. However, one of these sites jointly provided math and English as a Second Language (ESL) instruction due to the language barrier faced by its work force. The remaining companies emphasized general reading, writing and math skills for their work forces.

Several of the companies used the basic skills classes to prepare workers for further company training and, in one case, for industry certification. While only a few companies **directly** followed basic skills classes with additional company training, all sites, to some extent, were preparing their employees for future company-provided education and training.

Commitment

> *"Education is integral to the corporate culture here. We encourage all our employees to participate in education programs because we believe that education improves the quality of life."*
>
> —Martha Fritz, Methodist Medical Center

While commitment on the part of top management was important to the implementation of work site basic skills programs at all sites, one-third of the companies initiated programs primarily because a top manager felt education was an essential benefit to employees and the company. At these companies, the education programs were initiated by managers who were education advocates. In addition, corporate cultures supportive of education were prevalent at these sites.

For the five companies which made up this group, training and education were already a strong part of the management philosophy or was assumed to have some positive impact on production, employee relations or communication. Unlike the "quality driven" companies, this group represented a much wider range of business sectors, including manufacturing (1), food production (2), health care (1) and retail/warehouse (1). Of these, the manufacturing company, FAB Systems, was motivated both by commitment and a drive for quality improvement (see corporate profile, p. 64). Eli's, Chicago's Finest

Cheesecake, Inc. (see corporate profile, p. 60) provides an excellent example of the motivation of the companies in this category.

Eli's employs 100 people, 80 percent of whom are in production. The company has a long-standing commitment to employee education and training. Historically, company management encouraged employees to get their General Education Diplomas (GED), pursue supervisor training or attend baking courses. The company paid for the classes and related costs, such as transportation. Through civic work, company management made connections to education and training providers. Involvement with NORBIC, a business and industrial council, led to the eventual development and implementation of an ESL program for the non-native English speakers on staff. The on-site ESL program is now part of a greater educational initiative being spearheaded by Eli's. GED classes have been added, a part of the facility has been devoted to training and a community food preparation class is in the works. Marc Shulman, Eli's president, sums his motivation up simply, "We want to advance people by providing them with educational opportunities."

The perspective that education "is the right thing to do" was the primary incentive for managers initiating programs at this group of sites. The motivation was entirely internal, related less to production issues than to providing a better work environment, giving employees the opportunity for personal improvement, and a belief that an involved and educated work force will perform better. At all of these sites, basic skills programs were seen as an **employee benefit**, in contrast to the quality improvement companies where the programs were perceived primarily as a business necessity. In this age of cost cutting and downsizing, it may seem imprudent for a company to add a benefit such as education; however, managers at these companies strongly believe that worker education positively impacts the bottom line. Said one manager, "Previous experience showed us that employee education and training improved production."

It is important to note that the implementation of these programs was made possible by the earnest commitment demonstrated by **upper** management. So strong was the interest in education at one site that the company actually had a staff person devoted to employee education. The one company of this group that did not evidence the support of upper management discontinued its program after one short session. Clearly, without strong backing from the top, "commitment" programs can not be implemented or sustained.

What types of education programs were provided?

These "commitment" companies offered a wider range of program curricula than the quality improvement companies studied. Whereas the quality improvement companies had programs designed to enable employees to succeed in other company training, the commitment companies were more likely to offer GED preparation or personal education-enhancement activities. In this sense, and because the programs were viewed as an employee benefit, these types of programs closely parallel tuition reimbursement. In fact, two of the "commitment" programs were initiated because those employees with the weakest educational backgrounds had historically not taken advantage of the tuition reimbursement programs. Managers at these two companies were concerned that employees were unable to participate in tuition reimbursement courses because of low academic skill levels. Thus, basic skills programs were initiated at these sites.

At these two companies and one other, the programs provided a "general" curriculum. For the most part, employees enrolled at these sites were allowed to pursue goals in much the same way traditional adult education students do. Participants worked on skills they personally felt needed improvement, from reading and writing to preparation for the high school equivalency exam. The two other companies which make up the "commitment" group offered programs which concentrated primarily on ESL. Understandably, these two companies had a large, limited English-speaking work force.

Sales Effort

> *"The original impetus to do this came from the education provider. But now I'm hooked, convinced."*
>
> —Ronald Pearce, National Building Systems

Although it makes a very small group, the final two "do" companies did share a common motivating factor. That influence was an education provider who made the basic skills "sale." Resolute marketing by the education provider persuaded management at these sites to give work site basic skills programs a chance. A clear incentive for these companies was the fact that the educational provider was knowledgeable and prepared to design and conduct the program at no or low cost. An example of this type of motivating factor can be seen in the case of National Building Systems (NBS).

National Building Systems (see corporate profile, p. 81), a producer of pre-fabricated homes, employs about 150 workers year-round. In the busy season, the number grows by more than 50 percent. Workers hired temporarily for the busy season are often candidates for full-time positions at the company. Because of its great need for summer workers, NBS had an established link with CEFS,[8] a local non-profit job development and education agency. Both NBS and CEFS staff shared a common concern about the lack of job orientation of new employees to the work site. This mutual interest led CEFS and NBS to discuss and design an innovative educational program for new production hires. However, the idea was tabled the first year when a slow season brought no new hires.

The following year, NBS and CEFS worked together and applied for a grant from the Illinois Secretary of State's Literacy Office (SOS-LO).[9] Upon receipt of the grant, they initiated a basic skills program that focused on testing and safety.

One year of classes was all that was needed for management to see the benefits of basic skills training. According to a top manager at NBS, "It's hard to determine the return on investment, but ... a good attitude means better results, and we have seen that here."

Although the initial phase of the program focused on safety issues, NBS offered a much more generalized curriculum during the second stage of its basic skills training program. This curriculum, which was similar to the one offered at the other company falling into this category, included units on reading, writing and communication.

Only a small number of companies in this study were motivated by an educational provider's sales effort. Nevertheless, it does seem that this type of marketing by a provider can be successful. The provider's "sales effort" is made much easier if several other factors are in place. Clearly, the employer must be aware of the basic skills problem or at least be willing to entertain the notion that his or her work force may need some assistance in brushing up on basic skills. It also helps if the employer and education provider have a previously established relationship. And, in the end, if the education package is inexpensive enough, the employer may be willing to give it a chance.

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[8] CEFS stands for Coles, Effingham, Fayette and Shelby Economic Opportunity Corporation.

[9] The SOS-LO provides matching grants for businesses to contract with an education provider to offer work site basic skills programs. This special grant program is fully described in the policy report. For more information, call the SOS-LO office at 217/785-6921 or the Illinois Adult Learning Hotline at 800/321-9511.

Many Factors at Work

While the primary motivations for establishing work site basic skills programs have been identified, it is important to understand that a combination of many factors influenced most decisions. In the example of the "quality driven" companies, changes in production and a new emphasis on quality were often the result of external competitive pressures or pressures from customers to meet certain standards. Changes in production frequently included the purchase of new technology such as computerized equipment or the implementation of standardized procedures. These, in turn, required training, and the training pointed to skills deficiencies within the work force. While the major issue was the new emphasis on "quality improvement," several other factors were cited as important in the decision-making process. Regardless of the primary influence, the decisive factors were rarely monolithic.

Union Influence

There was one unique case in Illinois — a company which was strongly influenced to provide a program in an effort to "keep the union out." While cited as a factor by managers at only one Illinois company, the national study revealed that this was a motivating force for a number of companies, especially in the South. (F. Chisman, personal communication) More importantly, however, was the finding that union involvement in basic skills programs was largely absent at companies with an organized labor force.

In Illinois, only two of the "do" companies were unionized.[10] Both of these companies fit into the pattern observed as part of the larger study. Although union-management relations were described as generally "good" at these sites, the union was only peripherally involved in the work site basic skills programs. The unions were supportive of the programs, union members and the leadership participated in them, but aside from this the role of the unions was limited. It is unclear why they were not more involved in the initiation, development and support of the programs. However, it is clear that at the local level the support of the union is critical for program stability.

Why Don'ts Don't and Dos Stop

> *"There are a lot of people here who can't read at a third-grade level and don't know math. Basic skills training would be beneficial, the problem is finding the time and resources to start a program."*
>
> —Michael Casey, Willamette Industries

While it is instructive to examine the motivation behind the implementation of work site basic skills programs, it is also revealing to consider the reasons why companies have not pursued such programs. Of the companies which did not provide basic skills programs, the majority indicated they had trouble recruiting qualified workers and that they had identified skills problems among their existing employees. In these seven companies, all the managers but one thought that basic skills education was needed for their work forces now or would be needed in the near term. Nevertheless, they had not initiated work site basic skills programs. Although the skills problems were no less noticeable and disruptive at these sites, other ways to cope with the attendant difficulties had been found. Little Lady Foods is a good example.

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[10] The two unions involved in the Illinois study were a Carpenters' local and a local of the United Automobile Aerospace & Agricultural Workers of America.

Little Lady Foods, a producer of several types of frozen pizza, employs 125 people. Ninety-eight (98) percent of the production work force is Hispanic. Although basic skills training is not presently offered to employees, management acknowledges that continued business growth and changes in technology will require future training. A large percentage of the production workers are limited English speakers. To bridge the language gap between management and production workers, the company has hired bilingual floor supervisors and shift supervisors. While this has sufficed in terms of production, employees without a strong command of the English language have limited opportunities for promotion. In addition, management realizes that there will not be enough bilingual supervisors to make the production process work efficiently as production expands and the work force grows. Little Lady Foods is thus a good candidate for offering basic skills training, particularly ESL.

What Basic Skills were in Short Supply?

As noted earlier, of the seven "don't" companies, six recognized a need to offer basic skills training. Of this six, the primary basic skills needs were identified as math and English language ability. One company indicated that it would be willing to support a GED preparation program.

Of the companies which identified math skills deficiencies among their work forces, two had begun implementation of SPC. At one of these sites, management was receiving training and plans were being drawn up to implement SPC at the shop level. It was perceived that implementation of SPC might be hampered by lack of basic skills among the production work force. At the other site, SPC had been implemented and problems with basic skills were identified through the SPC training process. Human resource professionals at this site were aware of the problems and were hoping to find time to investigate solutions and prepare a proposal to present to top management. It seemed likely that business pressures would soon compel these companies to offer basic skills programs.[11]

At the sites where English language skills were in short supply, the managers indicated that other business needs took precedence over offering basic skills programs. Two considerations seemed to be part of this decision. First, the communication barrier could be, and almost always was, overcome by hiring bilingual supervisors. One company, for example, divided work along seven different language lines and put a bilingual supervisor in charge of each production unit. Secondly, the connection between communication skills and work efficiency seemed less clear to these managers than the connection between math skills and productivity. Thus, the likelihood of these companies offering basic skills programs in the near term was far less than for those that were implementing SPC.

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[11] The follow-up telephone interview revealed that one of the companies, Pyramid Northern Molding, did in fact begin a work place basic skills training program. The company received a grant and is currently offering math and reading classes.

What Kept Sites from Offering Training?

Of the six companies that perceived a need but had not acted on it, three identified cost as the biggest barrier to offering work site basic skills programs. It is interesting to note that these three companies **did not seem to offer any kind of training to anyone.** Indeed, these three companies were the only ones of all involved in the study that did not have some type of formal or informal training policy. It is logical to assume that all company-provided training and education was perceived as prohibitively expensive at these sites.

One company that did not offer a basic skills program did not perceive any need for basic skills education for its work force — "really, the only skills needed to do these jobs are dexterity and a willingness to work." Yet, at this company an informal training and education policy was in place to give employees training or education based on need or request. Although management at this company did not perceive it would ever have a need for a basic skills program, it is likely that management would arrange for basic skills education on an as-needed, individual basis.

The remaining three "don't" companies were poised to initiate programs. The primary reasons cited for not having already begun a program was "cost and timing." At two of these companies, the major barrier was selling upper management on the concept. The idea of initiating a basic skills program was seen as positive, but the commitment to go forward had yet to be secured. Management at the third company complained that they needed more information before determining how to proceed.

Lessons Learned: Factors Influencing Program Initiation and Development

While there is general agreement among all the managers interviewed that the present work force lacks the requisite basic skills for the jobs of today, not all companies are willing or able to provide their work forces with the basic skills needed. For the companies in the study which did not provide basic skills programs, identifiable barriers to program implementation persuaded them to "make do" rather than spend time and resources for something which they were unsure would benefit them.

Cost

Most managers mentioned cost as a barrier. They identified either the indirect costs of management and employee time and/or the direct cash outlays associated with conducting a program as prohibitive. "Although I believe that a program would be beneficial," said one manager, "the program costs and employee release time are major barriers."

In general, management at the "don't" companies did not perceive that the benefits of a program would outweigh the costs. However, managers at these sites were often basing program costs on informal and ambiguous information. Only one manager had actually taken the time to get cost estimates from education providers.

The success of some education providers in marketing basic skills programs suggests that, presented with such an option, other companies "ripe" for programs would offer them. Indeed, managers at "don't" companies universally answered that they would be strongly influenced to offer a basic skills program if an education provider offered to design and conduct it free or at a low cost.[12] This held true even among those managers at companies which did not offer training to anyone.

However, cost remains a significant barrier, especially for small companies. "Small businesses have a particularly hard time affording basic skills," lamented the manager at WECO Industries. For small companies, any cost is large and even a "free" program requires a relatively sizable investment on their part. The company must allow someone the time to consider the options, find a suitable provider and build interest within the company. Then the company has to provide time for employees to participate and perhaps even modify production goals to accommodate employee time away from the floor. Unless it becomes a business necessity, the human resources needed to initiate and maintain a program are often too dear to expend. Small companies need a strong motivating force to overcome these cost barriers and fund a work site basic skills program.

Access to a Provider

For some companies, a barrier to providing a program was getting information and finding a basic skills program provider within the community. While several "do" companies had to actively search out a basic skills program provider, a much larger number already had an established relationship with an education provider in the community. Frequently, that relationship had been built when the provider had supplied other educational services to the business. This pre-established relationship with an education provider made finding help easier and gave the business much quicker access to information. With two exceptions, the "don't" companies did not appear to be as engaged with education providers in the community. This lack of a resource hindered program implementation for several "don't" companies.

Turnover

One frequently mentioned factor for not offering programs is the fear that employees will receive the education and then leave the company. This "free agent" hypothesis was not borne out by the Illinois data. Few employers cited problems with employees leaving for **any** reason. The majority of companies in the study reported that they had no turnover problem. Indeed, according to one manager, "someone has to die or disappear for a position to open." Nevertheless, exploring the relationship of turnover to the existence of a program and the program type is revealing.

All of the quality improvement companies reported extremely low turnover rates. Possibly this is a result of an emphasis on production techniques which engage the work force in decision making. Three of the five "commitment" companies indicated that turnover was a "slight" problem. One company had noticed a recent increase in turnover. This site had workers sign a contract agreeing to remain at the company for six months after completion of the basic skills program or reimburse the company for the cost of participation. At the other two "do" companies, turnover was characterized as a slight problem; however it was not perceived as a problem related to the basic skills program.

Four of the "don't" companies indicated that turnover was not a problem. Management seemed confident that even when employees gained new skills they would not be tempted to leave the company. It is therefore unlikely that this fear would be a barrier for these companies to offer a program. The remaining three "don't" companies said that turnover was a slight problem. Management from one of these companies was somewhat fearful of implementing a program and having people leave.

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[12] For more information on the policy influences and potential strategies to encourage the implementation of basic skills programs, see the companion policy report.

Most of the employers were not particularly fearful that increasing employees' education would make them more marketable and thus less likely to stay at their jobs. Indeed, the nonchalant attitude toward this concern was summed up by one manager, "Sure, some people may take the training and leave, but that's okay." On the other hand, managers who perceived turnover as a problem with the present work force expressed some reservations about offering an educational program.

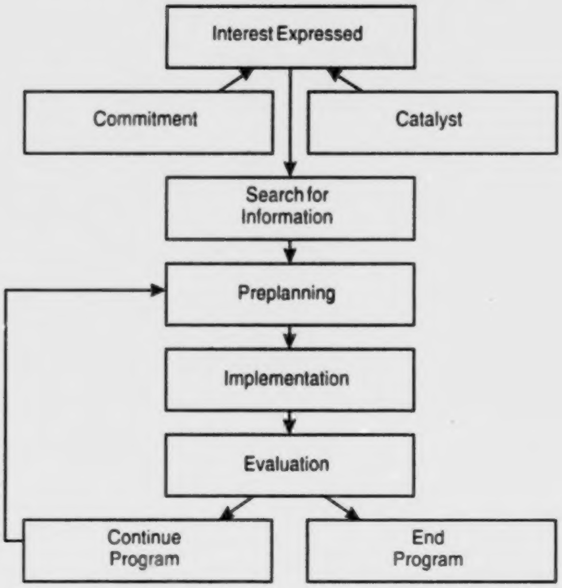
Employee Perceptions

Employees at both the "do" and the "don't" companies felt that education was important and that basic skills programs should be offered at more companies. Almost all employees interviewed felt strongly that a basic skills program was or would be of benefit both to the company and to individual employees. When responding to why they believed their company did not offer a basic skills program, most employees at the "don't" companies indicated that management probably thought the cost was too high. Although rare, some employees tacitly indicated that their employers would never provide them with anything that might be beneficial to them as individuals.

An Examination of the Developmental Process

To clarify the many barriers to program development identified by both "do" and "don't" companies, a developmental flow chart was constructed. While the "don't" companies had, by definition, not made it past the pre-implementation stage of the process, this flow chart describes the initial as well as on-going barriers faced throughout the evolution of work site basic skills programs.

Pattern of Program Development



Stage 1 — Interest Expressed
A person within the company identifies a basic skills need or becomes interested in offering a basic skills program. One of two factors may influence that decision — a catalyst or a commitment. For the Illinois companies, the catalyst came in the form of a desire or imposed need to improve quality or from the sales effort of a local education provider. "Commitment" generally came from a top manager's personal belief in education as a positive force in the work place.

Stage 2 — Search for Information
At this stage, management seeks out information either from an established educational contact or by making a series of "cold calls." A rapid, constructive response from the contact strongly influences whether the company will move to the next stage of development. Information is gathered to answer the following questions: Do we need a program like this? What are other companies in our industry doing? What do basic skills programs "look like"? What will the program cost to implement? How will the program benefit this company?[13]

Stage 3 — Pre-planning
During pre-planning, the company initiator must do the following: obtain buy-in from those with their hands on the purse strings, define the employer goals for the program, find the money to begin the program, locate an education provider, determine a company contact and arrange the program logistics (when, where). At any of these points, a program can easily be derailed.

Stage 4 — Implementation
By the time the company reaches this stage, a decision to go forward with the program has been made. Problems confronted at this stage relate primarily to program implementation. Appropriate curricula and materials must be selected, students must be recruited and production adjustments must be addressed.

Stage 5 — Evaluation
Although evaluation should be on-going, the study findings indicated that it usually occurs at the end of a program session. At this point, the company and education personnel review their goals and the progress toward them. Often employer goals must be re-adjusted. Progress toward student-employee goals is also addressed at this time.[14]

This flowchart provides a broad picture of the often complicated and divergent paths companies took to develop and, in some cases, complete their basic skills programs. The "do" companies provided the background information for the developmental process beyond the pre-implementation stage. Many of the issues identified as part of this process are discussed at greater length in the following sections.

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[13] An excellent resource which walks a company through this stage has been produced by the Secretary of State Literacy Office. The pamphlet, entitled "How to Get Started," is available from the SOS-LO. For more information, call 217/785-6921.

[14] Many employers expressed frustration that the student-employees were making limited gains in reading, writing and math. Few seemed aware that literacy growth is a long-term process, taking an average of 100 hours of instruction for each grade level gain. (Sticht, 1987)

Program Characteristics

Examining the basic skills programs in greater detail reveals the fundamentals of design and function. Programs were found to have shared characteristics as well as unique and innovative goals and structures. These characteristics are examined in the following sections (see Table 1 on pp. 30–31)

First, however, a caution is in order. The very definition of "basic skills program" was at issue for many of these companies. This became apparent in the lengthy pre-screening interviews conducted. Many companies professed to be offering work site basic skills programs during the course of the screening. Upon deeper questioning, it was determined that they were not offering work site basic skills programs that met the definition of the study. Often, informal education programs or on-the-job training were viewed as basic skills programs, as were certification and other reimbursed educational classes. There is no doubt that some company representatives inflated the scope and relevance of their programs to this study. On the other hand, some companies that were offering significant programs indicated that they "weren't doing much." What this demonstrates is that a common understanding of what work site basic skills programs are and what they look like has yet to be reached. Complicating matters further is the unique nature of such programs.

Work Force Demographics

As indicated earlier, the majority of companies providing programs were in the manufacturing sector. Not surprisingly, the work force in these companies was heavily populated by men (78 percent of the companies had a work force more than 50 percent male). Only one-third of the "do" companies had a large percentage (70 percent or greater) of non-native English speakers. Well over 50 percent of the "do" companies had a work force with an average age of over 30. These three items, taken together, are interesting primarily in relation to predictions quoted in the popular press about the impact of changing demographics on the American work force. The frequently voiced assumption that new entrants to the work force —primarily women and minorities— will need more training than those who have been attached to the work force longer was not borne out at these Illinois companies. Indeed, the need to provide training crossed gender and ethnic boundaries. While this may seem to be a trivial point, what it indicates is that the need for work place basic skills programs exists now, with the present work force, just as much as it may exist in the year 2000.

Program Structure/Development

Typically, employees participating in a work site basic skills program had two hours of class per week. On average, class sessions lasted for five months, were provided during the work day and took place at the work site. In 60 percent of the cases, the classes were designed and taught by community college personnel. Forty (40) percent of the companies used in-house instructors whether they had an outside educational consultant or not. Generally, these in-house instructors were human resource professionals, company trainers or specially hired education personnel.

Classes were run very much like a traditional adult education class. Students had varied abilities and were encouraged to work on skills according to their level. Most sites relied on prepared curricula and traditional adult education and English-as-a-Second-Language materials, although many also used work site materials for instructional purposes.

Teaching methods included group instruction, self-paced work, individual tutoring and, in one case, computer-based instruction. Many providers offered a variety of instructional opportunities to student-employees. Some of the education providers equipped teachers with special training to prepare them to work in the company setting; however, this was rare.

Fully 50 percent of the companies paid employees for class time, either by having class during the work day or by reimbursing employees for hours spent in class. Nearly 30 percent of the companies required employees to attend on their own time[15] and 20 percent split the cost down the middle, with employees donating one hour and the company paying for the other. All of the companies motivated by the desire to improve quality paid, at least partially, for employees to attend classes.

No matter the motivation for providing the program, employers found that if employees are not at least partially paid, they won't attend the basic skills classes. One site found that employees were taking advantage of the 50/50 arrangement by "splitting" after the company-paid hour of class. Management put an end to this by requiring attendance or docking an hour of pay from the employee's salary.

For the most part, program participation was voluntary. Several sites required some type of assessment to indicate which employees were most in need. These employees were then "encouraged" to attend. Two companies were moving toward mandatory participation in an effort to ensure that everyone who needed to participate did.

A problem shared by many sites as they implemented basic skills programs was at the supervisory level. Supervisors often were identified as those most resistant to the programs. Generally, supervisors who took part in the study agreed that initially they found basic skills programs to be disruptive. More often than not, programs were implemented without regard to the impact of "absent" employees on production goals. Thus, supervisors were held accountable for meeting the same production goals even when members of their teams were "off-line" and in class. At several sites this caused increasing tension between the supervisors and production workers.[16] At one company, student-employees contended that their supervisors were "retaliating" by requiring them to work late or work faster. An apparent level of resentment was sometimes present among supervisors. It was clear that some felt they had not had such opportunities but had "helped themselves." Finally, there was a certain level of cynicism among some supervisors about the ability of the program to make a change in the employees.

The problem with supervisors was, by no means, insurmountable. At most sites, when these problems became apparent, production goals were adjusted and supervisors were encouraged to observe or participate in the programs. One company went so far as to require supervisors to rotate through the class so they would gain firsthand knowledge

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[15] The majority of these companies were "commitment" companies. One was a company motivated by the sales effort of an education provider.

[16] This was observed firsthand by an interviewing team. Supervisors and employees were interviewed separately, both groups in the presence of the company program coordinator. Student-employees complained that their supervisors were requiring them to complete their full schedule, even though they were in class part of the time. While they were interviewed, supervisors expressed frustration that they still had to meet daily goals, even though some employees were in class and not on the job. It was clear from the comments that resentment had been festering on both sides.

Table 1 - Program Characteristics

QUALITY IMPROVEMENT COMPANIES	Provider	Class time & meeting day/week	Length of session (in mos.)	On whose time?	Program in place: How long at time of study? (in mos.)	Cost paid by?	Curriculum description
Company 1	Community College	1 or less hrs. 2 or 3 days	4-6	split time	12-24	company paid & received grant	general skills
Company 2	Association	1-2 hrs. 2 days	4-6	company time	less than 6	company paid 1st yr. & received grant 2nd yr.	other (ESL & math)
Company 3	Association	1-2 hrs. 1 day	4-6	company/reimbursed time	12	company paid and received a grant	math
Company 4	Other Company	2-4 hrs. 1 day	2-3	reimbursed time	12-24	company paid all	other (math & blueprint reading)
Company 5	Community College	2 hrs. 3 days	6+	split time	12	company paid all	ESL
Company 6	Community College	1-2 hrs. 2 days	n/a	company time	12	company paid 1st yr. & received grant 2nd yr.	ESL
Company 7	Local Adult Education Program	2-4 hrs. 1 day	6+	split time	12-24	company paid all	general skills

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COMMITMENT COMPANIES	Provider	Class time & meeting days/week	Length of session (in mos.)	On whose time?	Program in place: How long at time of study? (in mos.)	Cost paid by?	Curriculum description
Company 8	Community College	1 or less hrs. 2 days	on-going	company time	6-12	company paid all	general skills
Company 9	Community College	2-4 hrs. everyday	2-3	employee time	6-12	company paid & received grant	general skills
Company 10	Community College	1-2 hrs. 3 days	2-3	company time	less than 6	company paid all	ESL
Company 11	Community College	1 or less hrs. 2 days	4-6	employee time	12	company paid & received grant	ESL
Company 12	Instructor from inside the firm	2-4 hrs. 1 day	1-2	employee time	less than 6	company paid all	math
SALES EFFORT COMPANIES							
Company 13	Community College	2 hrs. 1 day	4-6	employee time	6-12	comapny paid all	general skills
Company 14	Community Based Organization/ Community College	1-2 hrs. 3 day	2-3	company time	12-24	company paid & received grant	general skills

of how the program worked and what efforts were being made by the participants. At this site, supervisors spoke enthusiastically about the program and how it had positively impacted the lives of those with whom they worked.

Who Paid?/Cost

The major costs to the companies were personnel time for planning and implementation and employee release time to participate in the program. Most managers indicated that it was difficult to calculate actual start-up costs of the programs. Estimates ranged from $2,000 to $50,000 and included everything from consultant fees to materials.

Similarly, a wide range of program costs were quoted. When the community college was the provider, there was often a set rate per student, per hour. One community college, for example, charged $88 per student, per hour, with all administrative and instructional costs included.

The estimated overall costs (start-up and programming) ranged from $2,500–$100,000. The extreme variance in estimated costs suggests that not only is it difficult to calculate the expense of the programs, but that the individuals in charge have no consistent way of doing so. Unfortunately, the lack of reliable information on costs makes their relationship to the benefits of basic skills programs difficult to calculate or generalize.

Seven of the Illinois companies studied received grants to help underwrite program costs. The grants came from various sources, including the Illinois Secretary of State's Literacy Office, the federal government and Prairie State 2000.[17] Companies received the grants at various stages of program development. Two companies received grants after their programs were in place. For the others, the grants supplemented program start up. Companies of all types received grants.[18]

Program Complexity and Longevity

The intensity level of the programs varied from site to site, dependent upon the developmental stage of the program, the program goals, and the relationship between the business and the education provider. At the time of the survey, the majority of programs had existed for less than one year. Although relatively new, the programs at these companies had gone rapidly through most of the identified developmental stages. Many of the company managers said they took a "laissez faire" approach to basic skills programs in the beginning stages. It was not infrequent that employers commented "they are the educators—they know better about how to do these programs." Yet, as the programs progressed and expanded, managers learned more about the possibilities of basic skills education and became more involved in program development.

Among those companies providing basic skills programs to help improve quality, all but one noted that the curriculum for the basic skills program was job-integrated. Managers often classified these programs as job-integrated because they were initiated to "fix" a specifically identified deficiency. For these sites, job-integrated classes ranged from math for SPC, to English for communication, to writing for reporting.

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[17] For more information on these grant programs, see the policy report.

[18] In some cases, the grants were written by the education provider with little more involvement from the company than an agreement to do the program if the money was received.

Management at these companies usually set very concrete, job-related goals for the basic skills program. When the goal was reached, the program ended. For example, at OTTO Engineering, the goal of the basic skills program was to provide employees with the English skills needed to succeed in SPC training. When all the basic skills participants "graduated" to SPC training, the program was discontinued. However, at this site and one other, the basic skills programs also gave rise to a new generation of training at the company. Said one manager, "We have moved away from basic literacy and into team building and communication."

The level of job integration at those sites seeking quality improvement seemed to be related to the education provider's familiarity with work place processes and the degree to which pre-planning was a shared responsibility between the provider and company personnel. Where co-planning was involved, the relevance of the materials to the students' jobs appeared to be higher. Where little co-planning was evident, the integration of work site materials and practices was haphazard.

At four of the five sites providing basic skills programs based primarily on commitment to employee enhancement, the curricula were said to be general in nature. The manager at the fifth company indicated that its curriculum was job-integrated. At the majority of these "commitment" sites, educational programs were viewed primarily as a benefit for employees and few direct job applications were envisioned or demanded. The complexity and duration of these programs varied dramatically. In the cases of Eli's and Methodist Medical Center, education is a large part of the companies' operating philosophies. At these sites, the intensity level was quite high. There was no intention to end the program, and employees were encouraged to use it as a stepping stone to other educational opportunities inside and outside of the company. Because basic skills programs were part of a larger "menu" of educational opportunities at these sites, there was no stigma attached to participation. Indeed, all employees were expected to participate in some form of corporate-sponsored education. Not surprisingly, the basic skills programs at these two sites were provided on company time.

At the other "commitment" sites, education was perceived as an employee benefit, but the corporate culture did not support a sustained educational effort. The programs at these sites were offered on employee time. Consequently, basic skills programs at these sites were relatively low intensity and had a shaky future. Employees at one of the companies expressed frustration that the basic skills program was "just one more in a long line of failed initiatives." The programs at these two companies were discontinued after a short time. It is interesting to note, however, that a skeleton basic skills program reappeared at one site.

The two programs initiated through the sales effort of a provider were also short-lived. In both cases, the programs were supported in part by a state grant. When the grants were not renewed, the programs were terminated. This suggests that as part of their "sales effort," providers should help the company plan a "post-grant strategy" so that programs end when they are no longer needed rather than when the well runs dry.[19]

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[19] Further study is needed to illuminate how grant funding impacts the longevity of basic skills programs.

Relation to Wages and Advancement

A missing element in programs at all sites was a direct connection between skills enhancement and worker advancement. No company formally related successful involvement in a basic skills program to employee increases in wages or advancement within the company. This may have been due, at least in part, to the professed lack of advancement opportunities in the companies studied. With little turnover and a relatively "flat" economy, few opportunities for advancement or wage increases existed.

Although no formal connection existed between basic skills education and worker advancement, several managers reported that a number of employees who participated in the programs had been promoted. Other employers noted that those who had successfully completed the programs were now in line for future advancement opportunities. Thus, for some companies, an informal link between education and advancement had been established.

More often, however, managers and supervisors drew a connection between basic skills education and further company-sponsored education and training. For the "quality improvement" companies, basic skills programs were often a "means to an end"; the end being employee involvement in quality improvement programs. In all cases, participation in the quality improvement programs required some type of training. The basic skills programs were a feeder into this training.

According to one company's SPC trainer, the employees who participated in basic skills programs were more successful in other company training than he expected. Specifically, "graduates" of basic skills programs had gained significant communication and leadership skills which had benefitted them in SPC training. Their success in SPC training made these employees eligible for additional training at which they were also quite successful. "The basic skills program was a long-term benefit for employees, enabling them to succeed in other training programs," he concluded.

At the well developed "commitment" sites, employees were encouraged to pursue additional education. One site in particular hoped that the basic skills program would be a feeder into the tuition reimbursement program. A company representative at this site said, "With a high school diploma in hand, [program participants] will be able to go on, perhaps even taking advantage of the college courses we pay for."

Program Effectiveness—Employer Goals

Although a formal evaluation of the program was done in more than 50 percent of the companies, it was rare that they had data demonstrating significant academic progress for student-employees or a positive impact on the company's bottom line.[20] On the other hand, employers were quick to note that the programs had a significant positive impact on their work forces (see Graph 1, next page). According to a manager at one company, "The biggest gain is with the individual. If they feel more confident, they're going to do better."

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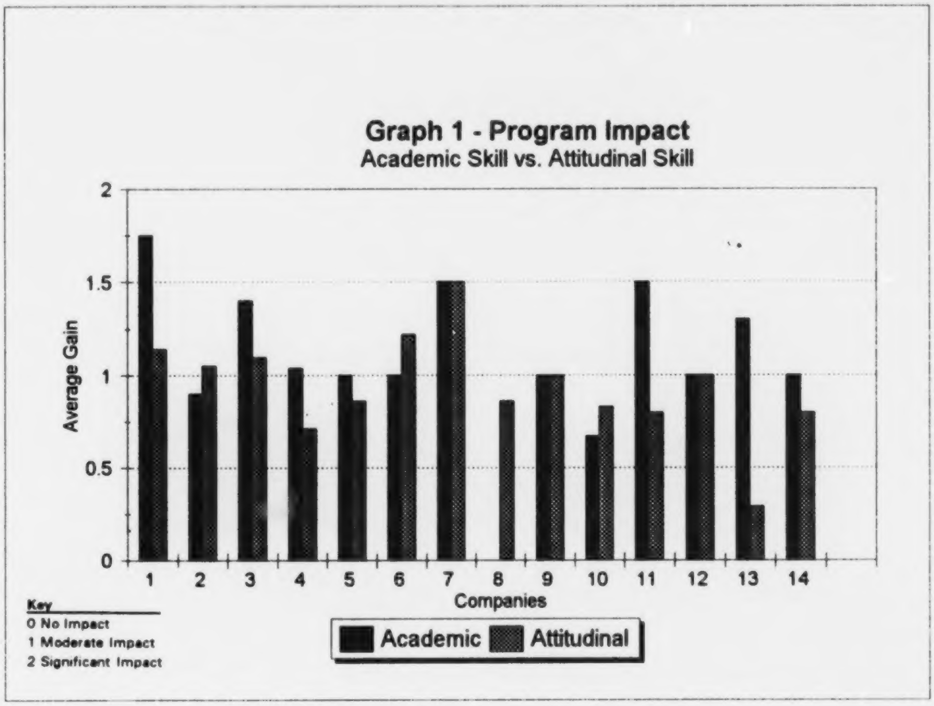
[20] One striking exception to this was the basic skills/safety program at National Building Systems. According to company management, the program was responsible for reducing job-related accidents. In the year immediately after the class was held, worker compensation claims were reduced 75 percent, saving the company a reported $750,000.


Graph 1 - Program Impact
Academic Skill vs. Attitudinal Skill

Managers and supervisors at this and other companies shared anecdotes about the impact of the program on student-employees. Frequently, these anecdotes revolved around improved work effort or communication. Said one manager, "This program has definitely improved work relationships. Although we have fewer workers than in the past, quality, profits and performance are up, partially due to better communication." Observation of these non-academic gains frequently led to an increased commitment to work site basic skills programs and influenced the development of succeeding classes.

Management at many sites, particularly the quality improvement companies, started their programs with very concrete academic goals in mind. During the course of the basic skills program, they often began to notice a change in employee commitment and work effort. These results, not originally anticipated, inspired some managers to re-think original program goals. At Dudek, for example, management readily admitted that they had unrealistic expectations about the first round of classes. Said one manager, "I expected them to come out (of the classes) with little tool boxes" full of math and English language skills.[21] What managers saw instead were improvements in attitude and confidence on the job.

Through this informal evaluation process, managers at some of the companies came to the realization that their original academic goals were less important than the attitudinal changes they were noticing. Thus, the outcomes which they observed formed the goals for a new generation of basic skills classes at their sites. At the time of this writing, at least four of the companies studied have committed themselves to on-going basic skills support for their employees by integrating basic skills education into their long-range business planning.

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[21] The follow-up telephone survey re-emphasized this finding. Managers at several quality improvement companies noted that their programs continued longer than they had originally anticipated. To speed along the process, two of the companies were considering mandatory participation.

Supervisors, who tended to be the most resistant to basic skills programs in the initial stages, were often the most enthusiastic about the results. Supervisors were especially cognizant of increased communication. One supervisor commented, "The program has helped participants communicate better with each other and with me." In addition to improved communication, supervisors also noted changes in morale, attitude, tardiness and self-confidence.

At the majority of "do" companies, both managers and supervisors reported gains in the academic skills being taught. These gains were usually reported as "moderate." Some managers expressed outward disappointment with employee gains in academic skill areas. Indeed, in the follow-up interview, one manager said, "We had no idea that we would still need to do basic skills education three years later." Several factors seemed to be at work in creating this disappointment. The first factor is that literacy gains do take time to achieve, often much longer than the average 40 hours of instruction provided at these sites. Secondly, it is unclear whether the instruments used to measure improvement in academic skill areas were appropriate for the instruction offered. Undoubtedly, this issue would benefit from further study.

Effectiveness in Achieving Employee Goals

Employers rarely asked employees what goals they might want to reach in basic skills programs. Although many managers expressed a vague perception that the program would "help the individual," most gave primacy to their goals for employees rather than employees' goals for themselves.

Not surprisingly, personal goal setting or collective discussions of employee goals, whether personal or job related, were almost never part of basic skills programs. However, this did not dampen the enthusiasm most student-employees expressed about the programs. For many, the classes offered a realistic "second chance" at education because it fit into their daily lives and schedules. Said one employee, "Without this taking place at work, I never would have been able to go back and get more schooling. I'm grateful for the opportunity."

Student-employees were motivated to participate primarily by personal needs and aspirations. Many noted that the programs helped them achieve non-work-related, as well as work-related, goals. Personal accomplishments were detailed in stories about using new skills in the home or the community. For example, one participant said, "My being in class has helped me help my son. Now I'm not afraid to help him with his math homework." Other student-employees proudly stated that the programs gave them the courage and skills to use English outside of work or attempt to get their GEDs.

Student-employees also eagerly pointed to personal job-related achievements. One employee spoke for many when he said, "Since starting the GED classes, I feel better about my work. I'm enthusiastic, not depressed.... My job has become a vehicle for my future rather than a dead end." Although few employees had been promoted based on participation in the classes, several expressed hope that their involvement would lay the groundwork for advancement.

Employees commented that participation in the programs gave them a new sense of independence in their jobs. This independence came from greater confidence, new-found skills and better communication abilities. Employees also stated that the programs helped them achieve a new understanding of their companies and the contributions their work makes to the final product or service. For example, employees in one program were thrilled to have learned about all the other divisions in the plant. Several employees mentioned that this was the first time they understood the whole production process and could see how and where their work fit in relation to the end product.

Employees pointed to teachers more than any other factor as the reason for their success in the program. Rarely an interview took place during which we didn't hear "the teacher is so great; I wish they had been like this in school."

Effectiveness of Program According to Teachers/Program Coordinators

Teachers and program coordinators were confident that their programs were successful. As is common in adult education in general, most did not feel that the standardized tests they were using to measure progress were effective. They were pleased, however, with the personal changes they could see in employees and often noted that the plant atmosphere had changed due to better communication at all levels.

Effectiveness in Reaching Other Goals

In general, it seems that work site basic skills programs were effective in meeting the goals of employers and employees. However, it will take more time to determine if the long term societal goals of making the work force more productive and more competitive are achieved. Obviously, this is a large task to lay at the feet of these small programs. Yet, they undoubtedly will be a part of the paradigm shift that will be required to achieve this change.

Recommendations

Work place basic skills programs provide a ray of hope on an otherwise bleak economic landscape. In Illinois, they have given student-employees new interest in and enthusiasm for their work. Companies have benefitted from the programs in both the immediate and long terms. While these programs are relatively new, they hold the promise of significantly changing work relationships, improving the quality of life for front-line workers and assisting business to move confidently into the next century.

To enable work place basic skills programs to achieve their potential, business people, education providers and policy-makers must work together toward common and complimentary goals. Global recommendations for these communities follow.

Collective Responsibilities

- *Foster a broader understanding of what constitutes "basic skills."*

  The findings of this study add more weight to evidence that employees need to have command of more than just the traditional "three Rs." Managers at many of the studied companies backed into this understanding by attempting to give employees basic academic skills. What resulted was even more powerful: better communication, greater independence and improved attitudes. At some sites, this gave rise to a new generation of basic skills programs which gave precedence to communication, leadership and other "higher order" skills. Information about the expanded definition of basic skills needs to be further disseminated in the business community as well as to the general public.

- *Establish new working relationships between the education and business communities.*

  On an individual and community level, educators and business people must set aside their resentments and fear of each other. Although employers do not want to be in the basic skills business, it is a certainty that present and future employees will, to some extent, need to participate in the expanded basic skills programs described above. To ensure that these programs meet the needs of both employers and employees, cooperative relationships between business people and educators must be built. While such coordination can not be "legislated," it can be created at the local level. Once created, these relationships should be heralded in business and education publications as well as in the popular press.

- *Engage in further study of work site basic skills programs in industries other than manufacturing.*

  The preponderance of programs at the time of the study were located in manufacturing firms. It remains unclear whether manufacturing firms are somehow more suited to offering these programs or if they are more "vocal" about their involvement. There is no doubt that the manufacturing firms studied were driven to provide basic skills training by the upsurge in quality improvement programs. Perhaps as this wave reaches other industries, they will follow suit. Because so much of Illinois employment is in the service industry, this sector warrants specific attention.

- *Institute new standards for judging the effectiveness of work site basic skills programs.*

  Judging by formal measures of academic progress, the programs studied were barely having an impact. In addition, the lack of consistently applied calculations of costs or benefits of these programs makes it difficult to determine their effect on the "bottom line." It is imperative to design and institutionalize measures of effective changes and the attendant impact on the bottom line. To do so, educators and business people must work in concert to document and publicize the non-academic results of basic skills programs.

Education Providers' Responsibility

- *Re-focus the emphasis from "just do it" to a thoughtful evaluation of employer goals in creating and sustaining work site basic skills programs.*

  This study demonstrates that employers have different reasons for providing programs and that their goals often change over time. From the initial through the final stages, it is incumbent upon the educator to be respectful of these goals. Open, up-front negotiation of the desired focus, intensity and anticipated outcomes must occur between the education provider and company management. Educators should not promise more than can be delivered. When "selling" their programs, providers should facilitate long-term planning rather than simply winning approval of an initial program. Time to review and refine goals should be established between the parties.

Business Community Responsibility

- *Raise awareness of the need for and effectiveness of basic skills programs.*

  The concept of basic skills training needs to be more widely discussed in the business community. Business people with established programs should educate their colleagues on the benefits of basic skills training. Information about basic skills programs should be disseminated at the business school level and in trade publications. CEOs and those with their hands on the purse strings should be the target of a public relations campaign.

Policy-makers' Responsibility

- *Provide local and state-sponsored help to overcome barriers to initiating and maintaining basic skills programs.*

Finding Information

An easily accessible source (local or statewide) of information about basic skills programs should be established. This clearinghouse should be staffed with people who "speak the business language" and can provide guidance and help in the pre-planning stages. It is critical that this source of information be accessible, easily recognizable and able to respond immediately to business requests. There is a relatively small window of opportunity for getting programs off the ground, and timing is often the key to success.

Finding a Vendor

An educational "broker" should be made available to the business community to help companies find and evaluate quality education providers. More information on selecting a vendor should be disseminated by and within the business community.

Educating Providers

The state educational agency should provide intensive technical assistance for program providers and staff development specifically for work site teachers. Those who have successfully created or taught work site basic skills programs should share their expertise through education journals, presentations and opportunities for "mentoring" colleagues. The profile of this work needs to be raised within the institutions providing the service (especially community colleges), and linkages between adult educators and community development programs must be strengthened. Finally, educators need to develop and endorse a broadened definition of basic skills, one which promotes quality education built around the "agenda" of the business community.

The study also revealed program strategies which could be effectively used by "program partners" in the development and implementation of their work place basic skills programs. Based on the study findings, the following programmatic recommendations are made.

Program Partners Responsibilities

Planning

At the company level, program planning should include all those who have a vested interest in the program—management, workers, supervisors, union, educators and trainers. Planning meetings should be held to describe the focus and anticipated outcome of the programs, and all involved should have input in shaping the programs. Without this pre-planning, the program is guaranteed to run into problems such as conflicts between supervisors and participants.

Developing Teaching Materials

Teachers should receive training in and compensation for the development of customized materials. Because each work site is different, training materials should be tailored accordingly. Not only is little information available on how to do this, but neither educators nor company representatives seem cognizant of the need to build materials sufficiently far in advance for teachers to use them effectively.

The establishment of business consortia would stretch the dollars and talent focused on this problem.

Student-employee Recruitment

One of the most effective steps in recruitment is finding a spokesperson capable of motivating people to attend. One company studied had great success when they enlisted an employee to present her story about her personal struggle to get the GED at employee information meetings. She was such a powerful speaker that far more people signed up for the program than had been anticipated.

Another significant factor in successful recruitment is building an atmosphere supportive of the program. If involvement in the program is viewed as meaningful and potentially rewarding, employees will be much more likely to attend. If, on the other hand, the program is billed as a "literacy" class, employees may be wary of participating. To create a supportive atmosphere, it is important to involve supervisors and employees in the planning and design of the program. Problems such as timing and location should be ironed out in the pre-implementation stages to ensure that barriers do not prevent participation. Finally, the company and the education provider should ensure the confidentiality of student records to ease concerns that participation in the program could result in a negative change in employment status.

Retention

Student goal setting should be part of the program, building on employees' personal motivations to attend class. Teachers should provide individualized attention and help student-employees set and reach short and long-term goals. Individual successes should be celebrated within class and, if possible, throughout the work place. Instituting counseling and tying success, whenever possible, to promotions or pay increases is recommended.

Logistics

Prior to program implementation, brainstorm potential logistical difficulties and solutions. Prepare for the loss of workers during class time by adjusting production schedules, hiring temporary employees or rotating schedules. Schedule classes to meet at times convenient for employees, preferably before work when they are less likely to be tired. Accommodate employees of all shifts by arranging class sessions at different times. Find a comfortable, accessible place for class.

Paying for the Program

Business people need to be educated on how relatively inexpensive this type of program is. One manager stated, "These programs should be viewed as a cost of doing business. When a machine breaks down, we fix it, regardless of cost. The same principle applies here."

Managers should be encouraged to rethink the benefits of providing basic skills training and move forward to the extent they can afford. Educators can help this process by accessing resources to help deepen the investment made by the company.

Anticipating Outcomes

Business people and educators should be more aware of the potential outcomes of basic skills programs. It is important to accept the likelihood that academic improvement may be incremental. Attitudinal changes may be more obvious and, indeed, more important. They may also be a requisite for academic improvement.

Knowing When it's Enough

The evidence points to the fact that programs have a positive impact far beyond the initial training. Basic skills units averaged five months in length and were often followed by additional units. However, the amount of training provided was and should be dictated by company resources and goals.

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And finally, to the businesses, people and everyone who worked at the companies which were part of the study — we couldn't have done it without you.

—Barb Geissler, July 1993

Appendix A

Cookie Kingdom, Inc.
1201 East Walnut
Oglesby, IL 61348

Wm. Dudek Manufacturing Company
4901 West Armitage Avenue
Chicago, IL 60639

Elco Industries
111 Samualson Road
Rockford, IL 61125

Eli's, Chicago's Finest Cheesecake
6510 West Dakin
Chicago, IL 60634

FAB Systems
14512 Washington Street
Woodstock, IL 60098

Gaylord Container Corporation
500 Lake Cook Road
Deerfield, IL 60015

HCC Inc.
1510 First Avenue
Mendota, IL 61342-1368

Lewis Springs
Division of Quincy Spring Group
2652 West North Avenue
Chicago, IL 60647

Little Lady Foods, Inc.
2323 Pratt Blvd.
Elk Grove Village
Chicago, IL 60007

McCormick & Company, Inc.
McCormick Flavor Division
342 North Western Avenue
Chicago, IL 60612

Methodist Medical Center of Illinois
221 North East Glen Oak Street
Peoria, IL 61636

Morton Machining & Manufacturing
915 North Main Street
Morton, IL 61550-5226

National Building Systems
2301 South Bonher
Effingham, IL 62401

OTTO Engineering, Inc.
2 East Main Street
Carpentersville, IL 60098

Pyramid Northern Moldings
5351 West Armstrong Avenue
Chicago, IL 60646

Ready Metal Manufacturing
4500 West 47th Street
Chicago, IL 60632

Spiegel, Inc.
3500 Lacey Road
Downers Grove, IL 60515

Stevens Industries
704 West Main
Teutopolis, IL 62467

Watlow Batavia, Inc.
1310 Kingsland Drive
Batavia, IL 60501

WECO Industries, Inc.
2848 West Washington Boulevard
Bellwood, IL 60104

Willamette Industries
US 66 & 5th Street
Lincoln, IL 62656-0829

Appendix B

Explanation of Table 2 and Graph 1

Program Impact: Gains on Academic Skill vs. Attitudinal Skill Areas.

Management (top managers/human resource managers) and supervisors were asked about their perceptions of the impact of the basic skills program on company employees. Specifically, they were asked how much their program had effected academic skill and attitudinal skill areas. Academic skills included the following items: the ability to read, write, communicate, compute and problem solve. Attitudinal skills included the following items: advancement in the company, company loyalty, morale, quality of relations between workers and management, quality of worker interaction (team work), ability to work independently and work effort.

Respondents had a choice of rating each item within the two skill areas as significant, moderate or no impact. In order to analyze the data on program impacts, each of the choices were given a corresponding point value as noted:

	Point Value
No Impact	0
Moderate Impact	1
Significant Impact	2

Responses from management and supervisors from each of the 14 companies were given the corresponding point value. The point values for each item in the academic skill and attitudinal skill areas were averaged. They were reported as an overall point value by management and supervisors for the two skill areas (see graph 1 on page 36). Finally, in order to get an overall picture of perceived impact, management and supervisors point values for each of the two skill areas were averaged to give an average total per skill area (see table 2).

Table 2—Program Impacts: Gains on Academic Skill vs. Attitudinal Skill Areas

Companies	Academic Skill			Attitudinal Skill		
	Manager	Supervisor	Avg. Total	Manager	Supervisor	Avg. Total
Quality Improvement						
Company 1	2.0	1.5	1.75	1.7	0.57	1.14
Company 2	0.80	1.0	0.9	1.1	1.0	1.05
Company 3	1.4	N/R	1.4	1.1	N/R	1.1
Company 4	1.4	0.67	1.04	0.71	0.71	0.71
Company 5	1.0	1.0	1.0	0.71	1.0	0.86
Company 6	1.0	1.0	1.0	1.43	1.0	1.22
Company 7	2.0	1.0	1.5	1.7	1.3	1.5
Commitment						
Company 8	N/R	0.0	0.0	N/R	0.86	0.86
Company 9	1.0	N/R	1.0	1.0	N/R	1.0
Company 10	0.67	N/R	0.67	0.83	N/R	0.83
Company 11	1.2	1.8	1.5	0.5	1.1	0.8
Company 12	1.0	N/R	1.0	1.0	0.4	1.0
Sales Effort						
Company 13	N/R	1.3	1.3	N/R	0.29	0.29
Company 14	1.0	1.0	1.0	1.0	0.4	0.8

Scale: 0 = no impact; 1 = moderate impact; 2 = significant impact

Appendix C

"Do" Companies

Wm. DUDEK MANUFACTURING COMPANY

Company Information

Wm. Dudek Manufacturing Company is located on Chicago's northwest side. It is one of more than 1,000 small businesses in an area whose population includes second- and third-generation residents (primarily of Eastern European descent), more recent European immigrants, Hispanic immigrants (primarily Mexican), Puerto Ricans, and African Americans.

Fitting neatly into the community at 4901 West Armitage Avenue is the 20,000-square-foot Dudek metal fabricating plant. Strictly a contract manufacturer, Dudek Manufacturing is a medium- to high-volume producer typically making 250,000 or more of any specific item in a year.

Dudek specializes in the use of four-slide wire and automatic strip forming equipment, a cost-effective alternative to the more complex progressive die manufacturing process required for more elaborate products. If a product can be formed from wire as thin as .003 inches or as thick as .375 inches and not exceed 32 inches in length, Wm. Dudek Manufacturing can produce it.

The types of wire products manufactured at this facility over the years number in the hundreds; examples range from cotter pins to spring clips to hand cheese-cutter frames. Some show up on store shelves as independent products (e.g., cheese cutters), but most are items unseen by the thousands of people using them daily because they are parts of larger products. Dudek also makes stamped and formed metal products from flat metal strips (e.g., fuse holders, clamps, brackets, cooking tongs, and barbecue grill handles).

Dudek Manufacturing serves customers in the computer hardware, household appliance, electrical distribution, automotive, and construction industries. Dudek's customer list includes names such as Weber-Stephen Products, Compaq Computer, Eaton, General Electric, Lithonia Lighting, Square D, TRW, and many others.

Founded in 1920 by William Dudek, the company today is run by the founders namesake grandson, Bill Dudek. Trained as a mechanical engineer, 35-year-old Bill Dudek worked for Amoco for eight years before becoming president of the family-owned firm in 1985.

Dudek Manufacturing runs two shifts and has seen little adverse effect from the current recession. The company has not been forced to lay off any workers, and Bill Dudek says that in 1991 his company enjoyed a "strong first nine months." The final quarter was down, he says, but that is "a generally normal cycle."

The Workforce, Wages, and Turnover

Dudek Manufacturing's workforce consists of 30 men and five women. Four of the women work in the front office, and the fifth is a quality inspector. Most of the 35 employees are production workers. Ten of the production workers are skilled tool and die makers with high school diplomas and a three-year trade school education. Twenty of the production workers have a native language other than English: 18 Spanish and two Polish. Two production workers are African American.

Workers in the Dudek plant are in three job categories: machine operators, setup people, and tool room people (tool and die makers). Workers confront a three-step career ladder, but they may get pay increases within each of the three levels as well as between levels. Operators who want to move to setup and who have shown the ability to do so are given the opportunity to work with senior setup personnel to learn the job. Normally, all positions other then entry level jobs are filled internally.

Dudek's wages are described as comparable to those of other area companies, and numerous recent company interviews in the area substantiate the claim. Machine operators typically start at $5.00 an hour and can earn as much as $8.00 an hour. Their average wage is $6.75. Setup people begin at $8.00 an hour and go as high as $12.00 an hour. Their average wage is $10.50. Tool and die makers can start at $10.00 an hour or higher and go as high as $19.00 an hour. Their average wage is $16.90 per hour.

Benefits at Dudek are relatively good, especially for a small manufacturing company. Ninety percent of the cost of the employee's health and medical insurance and 50 percent of the cost for dependents is paid by the company. Everyone is covered by disability insurance that pays 100 percent of wages up to a maximum of $135 per week for 26 weeks. Production workers are covered by a $15,000 life insurance policy and managers have $30,000 coverage.

All employees participate in a profit sharing program that provides for a percentage of annual profit to be divided among employees based on each individual's salary. Dudek has nine and one-half paid holidays. Employees get a one-week vacation after one year, two weeks after two years, three weeks after ten years, and one extra day for every year worked for years 15 through 20, ultimately arriving at four weeks' vacation after 20 years. The company has no formal sick leave policy, but is "flexible, if there is a problem," according to Bill Dudek. "We work it out," he said. Dudek pays for safety items such as prescription safety glasses and steel-toed shoes.

Turnover is low at Wm. Dudek Manufacturing. Well under 10 percent of employees leave either voluntarily or by request in a given year. Working conditions are pleasant, wages are competitive and benefits are good. The work load is substantial but not severe, the culture is positive, the work environment is clean and safe. Operators are cross-trained and therefore able to handle any type of order received by the company.

Labor/Management Relations

Labor/management relations appear good in this non-union shop. Bill Dudek and his Quality Control Manager, Chuck Wojda, maintains an open-door policy that seems to work. Zenon Gonzales, the plant foreman, appears to get along well with the people he supervises; he speaks highly of them and they of him. Attitudes observed both in interviews and on the shop floor reinforce this opinion, as does feedback from the two instructors.

In 1990, a shop council was started. The council provides an avenue for employees to get their concerns to management. In November 1991, a formal suggestion program was implemented. Quality teams address production problems and recommend changes. The primary formal decision-making apparatus, however, is a management committee made up of Dudek, Wojda, Gonzalez, and Brian Manning, the head of sales and marketing.

Training

Dudek Manufacturing has never had a formal training policy, nor have managers set aside a budget specifically for training. Nonetheless, Dudek has for years supported certain training, especially training for tool and die making. After successfully completing a three year, Dudek sponsored tool and die making course, a person can move up to a tool and die making position and receive a corresponding raise in pay.

In 1991, Dudek began providing basic skills training, and five employees were sent to an out-of-house statistical process control (SPC) training program. Bill Dudek says, "I think it (training) will always be a budget item" in the future. But he also says that he doesn't know the long-term focus of training that will be provided.

Bill Dudek and Chuck Wojda didn't just walk into the Dudek plant one day, realize they had a literacy problem, and implement basic skills training, however. Instead, they went through a long period of frustration and even anger over unperformed tasks before recognizing that the culprit was the workers' inability to read and do math well.

Dudek and Wojda made their discovery over time as they implemented what they thought was a well-planned program for involving employees in the quality improvement process. In late 1989 and early 1990, they decided to address productivity and quality by meeting with the company's production workers. They explained the goals and objectives of the company, discussed the needs of customers, and described how industry changes were affecting their manufacturing processes.

The initial sessions were followed by weekly, small-group meetings at which Wojda and Dudek explained what they wanted done on the floor. Everyone seemed to listen and comprehend. In addition to providing directions verbally in meetings, they included specific written instructions concerning quality on each work order. Dudek and Wojda expected this process to result in observable widespread quality improvement, but results were limited at best.

Dudek and Wojda decided on another tack. They would make instructions on work orders even more specific. They would write instructions clearly on the work order, directing the worker to speak to Dudek, Wojda, or the foreman, Zenon Gonzalez, before doing a job. In that way, one of the three could certify that the individual had understood the quality instructions and had implemented them. A sound plan, they thought.

BUT NOTHING HAPPENED! No one spoke with any of the three designated contacts. There was no animosity, hostility, or apparent refusal to cooperate in the shop. No one complained about the new directives. Work simply progressed as it always had. That is when it began to hit Dudek and Wojda. The instructions weren't being ignored; the workers didn't understand them. They hadn't fully understood the verbal directions provided in meetings, and they were unable to read the written instructions.

Realizing that the problem went beyond their expertise, Wojda began searching for help. He turned first to the Industrial Council of Northwest Chicago. Industrial Council Executive Director Andrew Goldsmith referred Wojda to William J. Leavy, Executive Director of the Greater West Town Community Development Project, (GWTCDP), an area community-based training and job placement organization.

Leavy met twice with Dudek and Wojda to determine their needs, to make curriculum suggestions, and to suggest possible education/training vendors. The vendor selected was the Management Association of Illinois (MAI). After John Conrath, then MAI's Director of Educational Services, met with Dudek and Wojda and made a general assessment of need, MAI and Dudek agreed on a plan. Conrath then assigned a contracted educator, Mavis Dowd, to conduct specific needs assessments and to develop both an ESL and a mathematics curriculum.

Nature of Training: The First Round

A 36-hour English as a Second Language (ESL) class was started in February 1991. To accommodate the normal 15-minute employee cleanup time, classes met for one hour and 45 minutes and lasted for 12 weeks. The mathematics class began meeting in June 1991 and operated on the same schedule, as have subsequent classes.

The ESL instructor, Mavis Dowd, worked with both the employees comprising the class and with Chuck Wojda to determine language needs. She discovered that all six employees attending the class had at least some English speaking ability. Dowd involved the participants in activities that gave them practice using their second language in ways that dramatically increased their confidence to speak English with co-workers, their foreman, and management.

The mathematics instructor, Charles Atlas, had seven students for the first part of the course, but when he was ready to begin teaching fractions, four other previously identified people needing training in fractions and decimals joined the class. Two of the participants in the math class were native English speakers, while nine spoke Spanish as their native language and English as their second language. Six of the nine had been enrolled in the ESL class.

Nature of Training: The Second Round

When the company initially looked for someone to provide math and English to its employees, Dudek's plans were to provide "one-time programs." The company wasn't far into its first round of classes, however, before Wojda realized they would need to go beyond the two classes already underway. Without waiting for results from those first two classes, Wojda began working with MAI to plan subsequent classes. MAI suggested applying for a grant from the Illinois Secretary of State's Literacy Office to defray some of the costs of the second round of classes. Dudek and Wojda agreed, and Dudek Manufacturing was awarded a $9,000 grant. The program begun by MAI is now administered by Northern Illinois University (NIU), but program delivery remains essentially the same.

For the second math course, which began in January 1992, Wojda identified specific competencies to be covered. He worked directly with NIU to develop the curriculum. The second course, which is much more job specific than the first one, includes Dudek parts, company forms, and setup and manufacturing instructions. The ability to measure using a steel rule, calipers, and a micrometer is important both to daily operations and to the maintenance of records for SPC; they too are a major focus of the second course.

Costs

The cost for the first round of ESL and math classes were covered entirely by the company. Costs included approximately $7,500 for needs assessment and instructor time plus wages paid for release time. The classes were held in the cafeteria of a neighboring company at no cost to Dudek.

Both Bill Dudek and Chuck Wojda say they would have run the second round of classes without the $9,000 in grant money they received from the state, but they are pleased to have help with what is turning out to be an ongoing rather than a one-time program.

Worker's and Supervisor's views of Basic Skills Training

Employees interviewed felt the three most important improvements resulting from the classes were: (1) the ability to communicate better with other workers, (2) the ability to ask questions, and (3) the ability to work independently.

Participants reported that they feel more confident and gain more satisfaction from their work. They believe the classes increase their advancement opportunities. And they feel greater loyalty to the company because the company has demonstrated a genuine interest and trust in them. They feel their heightened self-esteem and self-confidence has had beneficial side effects in their family lives. Participants in both classes think the classes were successful and would like to have them continue.

The supervisor, Zenon Gonzalez, reinforced the responses from employees who took the classes. He felt participants were learning reading, speaking, and math, but he also thought they were learning to communicate better with each other and with him. Gonzalez cited several instances of improved effort: a worker who was habitually late now comes early; an operator who once lacked the self-confidence to proceed without the supervisor's reassurance no longer requires the supervisor's intervention. In general, Gonzalez thinks the workers he supervises have more ability to work independently and to function as a team.

Management's View of Basic Skills Training

Dudek and Wojda readily admit they had unrealistic expectations about the first round of classes. Said Wojda, "I expected them to come out [of the classes] with little tool boxes," one English tool box and one math tool box. Both men say they have been unable to measure improvements resulting specifically from the classes, such as production gains or reduction in error rates and waste, but they see improvements in attitude and confidence on the job. Dudek said that he can see improvements in sales volume, profit, and work flow. "On-time deliveries are better," he said. Dudek and Wojda believe at least part of these improvements result from the training classes, even though they are unable to substantiate the results statistically.

Dudek and Wojda believe the initial classes were successful and point the way to Dudek's training future. "The biggest gain is with the individual," said Wojda. "If they feel more confident, they're going to do better."

Dudek says, "literacy is the foundation" for the company's success. He adds, "if people running businesses haven't learned that training is their most important investment, they aren't going to be around in the future. Equipment isn't as important as people." Companies can profit more from training than from "just dropping in equipment." To encourage other companies to provide basic skills trainings, Dudek felt that networks or consortia of local businesses would be a strong influence. Other positive encouragements would be access to technical assistance and the development of a program by an education provider at a low cost. As noted earlier, Dudek found the Secretary of State Literacy Office grants to be beneficial.

Provider's View of Basic Skills Training

The NIU Director of Educational Services, John Conrath, feels the Dudek program has been effective. He credits Dudek with moving ahead to fulfill their needs on their own, and he commends them for quickly realizing that a one-time program would not be sufficient to achieve their ends.

Mavis Dowd believes that her ESL students learned to give more attention to written and verbal instructions, learned how and when to ask questions, as well as generally improved their spoken and written English during the 36-hour course.

Charles Atlas thinks the first math class was successful. He reported that participants didn't want it to end and expressed a desire for a second class. He thinks Dudek is "way out in front" of most companies.

Conclusions

In the beginning Dudek and Wojda were "looking at simplistic solutions," Wojda said, "but now we feel that training, including basic skills, is very important to us."

Dudek and Wojda have spent time talking about and analyzing the past year's training efforts. They drew a number of conclusions and approached their second round of classes quite differently from the way they approached the initial classes.

- Self-awareness, confidence, and motivation are now seen to be important skills that must be learned if specific class instruction is to be transferrable to the employee's day-to-day effort and success. These skills need to be formally addressed as part of the ESL and mathematics curricula.
- Problem-solving needs to be a major focus of all training.
- Reading, math, and verbal skills must be built simultaneously with the implementation of new management and continuous improvement programs.
- The employer must be heavily involved in curriculum development. Desired competencies must be thought out and communicated to the educators providing the training. Dudek noted, "In the initial program, the vendor told us what we needed. Now, Chuck (Wojda) is taking a stronger role to say what we want and need." This, he says, "results from our learning curve."
- Mavis Dowd lauds Dudek and Wojda's growing expertise. "They are educated in the process now," she says. "They are more knowledgeable purchasers of training. Chuck (Wojda) is thinking about what is needed," and he has developed a list of competencies. "It makes it possible to do a really good job because they know what they want and know how to describe what they want," she said.
- John Conrath recognizes and commends the leadership necessary in sustaining a three year commitment to the investment of basic quality skills in their workforce. Bill Dudek and Chuck Wojda have integrated job competencies and process documentation into the company's goal of ISO 9,000 Certification. They are more equipped to better define opportunities for improvement as well as how to use learning as an effective tool for total quality.

ELCO INDUSTRIES, INC.

Company Information

With a full-time education staff of three people plus two contracted instructors, Elco Industries, Inc. of Rockford, Illinois leads the way in training among the many fastener manufacturers in Rockford. The seventy-year-old firm hired a full-time Training and Development Manager in 1981 when the company, which was producing at peak capacity, was having difficulty finding sufficient numbers of qualified workers. The CEO and COO (now the CEO) decided the only answer was to hire the best people they could and train them themselves. Thus began a program that clearly is a source of pride to both management and labor.

Elco is the largest fastener manufacturer in Rockford, a city that arguably can be called "the fastener capital of the nation." One of five Elco plants nationwide, the Rockford Elco plant, which is the headquarters facility, has three large local competitors and about 15 smaller competitors. During the past few years, the company has been increasing its sales and its workforce in spite of experiencing a decrease in customers in the industrial segment, especially automotive. In the current economic environment, Elco has avoided a general layoff but has let temporary and part-time people go. In February and March 1991, enforced vacations helped ease the financial crunch, and the company put a freeze on hiring and on wages. At the end of its fiscal year on June 30, 1991, Elco squeezed out $200,000 profit on sales of $156 million, which is only slightly more than 1/10 of 1 percent. Still the company is very optimistic because it remains intact and poised for the economic recovery that will come sooner or later.

Training

Through the current economic crisis there has been no thought of cutting back on Elco's education program. In fact, Elco has initiated basic skills training for the first time in its history. The basic skill needs in the Elco workforce were exposed as a result of the company having to meet quality requirements of its major customers. To the company's credit, they immediately responded to the need and implemented a multi-level program to meet all identifiable problems head on: literacy level reading, English as a Second Language, GED (high school equivalency). There was no thought then, nor does there appear to be now, of creating a "band-aid" program simply to bring workers up to speed in the specific math, reading, or writing skills required to keep quality control records and to respond to customer inquiries. Rather, Elco initiated a broader program in conjunction with Rock Valley Community College and the Rockford Area Literacy Council that includes tutoring for illiterate and functionally illiterate employees, tutoring in English as a Second Language, and three GED classes with a student-teacher ratio of 12–1.

Due to lack of funds, the Rockford Area Literacy Council was unable to fulfill its original agreement with Elco, so the company hired the instructor part time and continued developing a peer tutoring program. To date 16 employees and spouses have been trained to be tutors, with tutor participants ranging from production workers to the quality control manager and the company controller. At the time of our interview, placement of employees with tutors had just begun; five placements had been made (three ESL), but a waiting list exceeds the number of trained tutors. Tutoring takes place twice a week for one hour, half of which is on company time.

To initiate the GED classes, Elco submitted an application for a small grant from the Illinois Secretary of State's Literacy Council. The grant was quickly used up, and Elco is now paying the costs to operate all GED classes and basic education tutoring.

Three GED classes comprising a total of 37 student employees meet twice a week for one hour, half on company time. The six-month course was started in June 1991. At the time of our visit, there had been no GED dropouts, but one person had passed the GED Examination the week before we interviewed.

Training and Development Manager Roger Pelkey estimates the GED classes cost $45 per learner plus an average of about $10 per hour in direct wages or about $20 per hour in total costs per employee (wages, benefits, overhead). For an individual who is in the class for the full six months, the cost is $525 if only direct wages are included, but increases to $1,005 if total employee costs are included.

Rock Valley Community College applied for and received a $68,550 federal grant to set up and operate a model basic education program at Elco. Elco is contributing $203,000 in cash and in-kind services for the program that started in the spring of 1992. The program includes GED, ESL, and Basic Skills in the Workplace (reading, mathematics, writing, etc.).

Basic skills training fits naturally into Elco's existing training program. The Learning Center is housed in an obvious, easily accessible and always visible portion of the plant. It has clean and efficient offices and classrooms. In a separate part of the plant, the training center provides specific skill and safety training in a specially outfitted "lab" housing the various types of equipment found in the plant.

More than 60 courses ranging from reading improvement to computer training, from specific machine skills to leadership and managing change are included in an extensive "Learning Resources Catalog." Some courses are provided one-on-one and some in groups, while still others are self-study using print, audiovisual aids (i.e. videotapes), and/or computer-assisted instruction. In addition, Elco has an extensive tuition reimbursement program. According to Pelkey, the company currently provides 12,000–15,000 hours of employee instruction annually (an average of 12 hours per employee) but is working to reach a management-set goal of 20 hours of instruction per employee. Elco spends about 1% of payroll for training, but that amount is increasing.

About 6,000 hours of instruction is provided in house, with 90% of that training being provided by in-house staff and the remainder by external vendors. The remainder (6,000–9,000 hours) is provided through seminars, tuition reimbursement, etc. Pelkey and the Technical Training Instructor, Steve Schinzer, also provide career and educational counseling.

In such an environment, no stigma has been attached to attending basic education classes. Says Workplace Skills Coordinator Nancy Gramzow, "It's considered a good thing to be going up the steps to the Learning Center."

Workers' and Supervisors' Views of Basic Skills Training

Elco appears to have done a very good job of surveying workers about basic education needs. According to three workers who are in the GED classes, the company did a survey of employees asking about various basic skills classes that would be helpful. One of the three employees went to everyone he knew who had not graduated from high school and encouraged them to complete the interest form. Most, he says, are now enrolled in GED classes. The same employee said, "I wouldn't have done it (taken GED classes) if they hadn't started classes here." The other two employees echoed that view.

The three workers interviewed had been with Elco for 5-1/2 years, 12 years, and 36 years at the time of our interview. All have taken other courses ranging from CPR and other safety training to gauging, SPC, and the one-minute manager course. All expressed satisfaction with the GED course and the instructor, and they all clearly stated their appreciation for the company instituting basic education classes. While the initiation of basic education courses may have reinforced the workers' opinions of the company, they stated that the availability of the courses had not changed their opinions because they all thought Elco to be a good place to work before the courses were started. Their demeanor and enthusiasm reinforced their words.

Supervisors were equally enthusiastic about the education program in general and the new basic skills classes specifically. One of the two supervisors interviewed takes advantage of the program more than the other because his department is newer, uses team techniques more due to the nature of the tasks, and has a large number of younger workers new to the job or to the company. However, they both clearly feel the education program is extremely important to the day-to-day operation of the plant, to employee morale, and to keeping up with technological changes. Elco is a great place to work, they say. One supervisor said that "a lot of people who quit come back" when they see how other plants operate. The second supervisor said the company is always trying to improve and, in the process, involves employees. As proof that Elco is a good place to work, he pointed out that more than 200 of the 1,100 employees at the Rockford facility are in the company's 20-year club.

Management's View of Basic Skills Training

Clearly the chairman and CEO, Jack Packard, wholeheartedly supports the entire education program, including basic skills. Packard, who was named Community Leader of the Year in 1990 by the Rockford Chamber of Commerce, was instrumental in establishing the training program in 1981. He played an even larger role in 1982 when a major economic downturn left Rockford with 20% unemployment, the highest in the nation. As Elco struggled through those troubled times, Packard refused—even in the face of internal criticism—to cut the training program. There were people in the company who "thought continued training expenditures were inconsistent with budget constraints and layoffs," he said, "but senior management stuck to their guns and kept training in place." And in the current economic doldrums, Packard has agreed with his Training and Development Manager and has authorized expansion of the training program to encompass basic education, ESL, and GED instruction. Even in difficult times, he says, training is important; it "establishes a positive company culture." Packard goes on to say that training provides growth opportunity for employees, an important element at Elco where employee turnover is low and it often takes years to get enough seniority to move from night shift to day shift. Education programs "help employees see value in staying with the company and working toward advancement," he says.

In addition to the internal training program, Packard and Elco recently have been instrumental in setting up a consortium of Rockford fastener manufacturers to establish and operate a Fastener Training and Technology Center (FTTC). The center will provide both entry level training and post-employment training.

Wages and Turnover

Wages are comparable or better than other area companies. Entry level wage is $6.00 per hour; top scale is $14.75 per hour. Worker turnover is extremely low at less than 1%. Company benefits are good. We were able to look at a list, but not take it with us. Health insurance, life insurance, disability insurance are all provided with a very reasonable employee cost for family coverage. Profit sharing, tax deferred programs, and pension appear to be quite good. Educational reimbursement is made for virtually anything an employee wants to study, even training for a job in a different career or vocation.

Training definitely is considered an investment by Elco. Promotion follows training in many instances. Training affects wages indirectly through resultant promotions or increased responsibility, but no wage incentive is paid for attending classes.

Experiences of the Past and Plans for the Future

Elco has grown steadily over the years. As noted, it had to freeze hiring and wages during the current economic slump, but the company definitely operates for the future; expansion of education/training programs bears witness to their ability to look ahead.

Strategic planning takes place annually and projects a three-year strategic plan. Addressed in the plan are labor force, competition, technology, capital, and training. As a result of its planning processes, the company has determined that an increasing number of its workers will be speakers of English as a Second Language; currently, 15% are not native English speakers. Elco's strategic plan addresses this change in both general workforce terms and in training terms, said Roger Pelkey.

About 20% of Elco's workforce are women. Employees generally range in age from mid-20s to late 50s/early 60s. There are a lot of 20--30 year employees, according to Pelkey. As previously noted, one supervisor stated that more than 200 of the 1,100 employees at the Rockford plant are in the company's 20-year club.

Labor-Management Relations

Labor-management relations appear positive and constructive in all ways. This is apparent in interviews, but it also is apparent as one tours the facility and views the interactions of production workers with other production workers, workers with supervisors, etc. Elco is not unionized.

Virtually all positions above entry level are filled from within.

Employees are frequently surveyed on various topics (e.g. basic skills courses that would be helpful). In addition, Elco has MTB Groups (Making Things Better) to bring people at various levels together to work on problems. The company's goal is to have every employee participate in an MTB Group at least once by 1993. Each group is assembled to address a particular problem. The group selects its own leader and determines how it will pursue the problem. A manager is assigned to each group to serve as a liaison with management, but the managers are strictly prohibited from taking over. Both supervisors and production workers were laudatory about the MTB Groups.

In addition to MTB Groups, Elco has a PFD Program (Performance for Dollars). This program encourages employees to offer suggestions—all employees share in a bonus based on increased profit resulting from the suggestion. There is less satisfaction with this program since profits have been virtually nonexistent recently and, therefore, bonuses resulting from suggestions have been virtually nonexistent also. Nonetheless, the company gets high marks from employees for making the effort to involve them.

Conclusions

Spirits are high at Elco even though hiring and wages were frozen for months and everyone was forced to take extra vacation in 1991. The company's long-term determination and commitment to fostering and maintaining a positive company culture is, of course, the key to sustaining high morale even in the face of difficult economic times. Within such an environment, the stability of the Learning Center permits it to play a large and visible role in furthering the already positive company culture.

CEO Packard feels that the economy and the variety of needs in different industries are primary barriers to firms implementing training programs. He feels more community resources, especially training consortia, are needed if training programs are to be wider spread and more helpful. This, he says, is more important than providing grants to individual companies.

Relative to technical assistance being available, Packard replied that "trying to solve society's problems with these programs is a worthy goal, but it will really work if (they are used) to improve the economy—create more jobs and train for jobs."

A federal tax credit would be seen as very positive by Packard as would an offset of unemployment insurance contributions. Renegotiating benefit packages or getting participants to pay through lower wages are both unrealistic ideas, according to Packard.

Packard thinks companies should get involved locally to create programs. He thinks they should work with local schools "to improve education from pre-school up." It will take at least ten years to have an impact, he says, but the effort needs to be made. In this vein, Packard encouraged Roger Pelkey, who was appointed to fill an unexpired term on the local school board, to run for election to a full term on the school board. Unfortunately, Pelkey was defeated but says he will continue to work actively for improved schools in Rockford.

Regardless of how well schools do their job, however, Packard thinks business and industry should provide workplace education programs.

Finally, an editorial comment. It is refreshing to talk with people who care about one another, have respect for one another, and support one another—regardless of their relative positions in the company—while at the same time recognizing that the company is a business and everyone must operate in a professional manner. When such a "positive company culture" has been nurtured over the years, the payoff to everyone in the organization is apparent when times get rough.

ELI'S, CHICAGO'S FINEST CHEESECAKE, INC.

Company Information

Eli's, Chicago's Finest Cheesecake, Inc., was founded in 1983 by Eli Schulman as an offshoot of his restaurant, Eli's, the Place for Steak. Working in his kitchen, Eli had developed a cheesecake so rich and creamy his customer's proclaimed it "Chicago's Finest." The demand for the cheesecake grew and Eli ultimately decided to establish a separate company to produce cheesecakes on a broad scale.

Since 1983, Eli's Cheesecake has increased production from 300 cheesecakes a day to an undisclosed volume that makes the company the second largest cheesecake bakery in the United States. At its single location, Eli's bakes more than 50 varieties of cheesecakes, muffins and carrot cakes for retail and wholesale markets. In 1991, Eli's experienced a 20% growth on sales of $13 million. The current recession has had no discernible impact on the company.

Workforce Description

Approximately 100 employees operate three shifts seven days a week. Eighty employees are production workers (feeders, cutters, bakers, decorators, packagers), 13 are management (5 production managers, 4 sales managers, 3 financial managers, and the president), and 7 are clerical workers.

The workforce—which has an average age of 26.5 years—is 75% Caucasian, 10% African American, 15% Hispanic. About 65% of the employees are male. Many of the workers have been with the company since it began operating in 1983.

Eli's non-union employees receive wages that are slightly above average for the industry and for the area in which the company is located.

Training

In 1984, Marc Schulman, Eli's president and son of the founder, hired Jolene Worthington, who currently is the company's Operations Manager and is responsible for employee training. Schulman and Worthington realized that the company's success depended on hiring employees who were committed to baking quality cheesecakes. According to Schulman, "Eli passed on his concern for quality and service to 'Eli's People'—the one hundred of us who bake Eli's Cheesecakes and other specialities. Every product bearing Eli's name means it has been made with the same handmade care and dedication to the customer that Eli used when he baked that first cake in his restaurant."

From the beginning, Schulman was dedicated to maintaining quality while making the company grow. However, he wanted to achieve growth by increasing employee efficiency and skills rather than by simply adding more employees. In order to do that, skill training was needed. "Through our community involvement, we identified the available [training] resources and saw them as tools to benefit our company," Schulman said. Worthington added, "We became involved in NORBIC, North Business & Industrial Council, and they helped us find resources to develop an ESL program which could meet our needs." NORBIC staff member Marty Stouffer facilitated the development of a working agreement between Truman College and Eli's. Over the course of three months, Worthington and the Truman instructor, Ruth Lambach, developed an appropriate curriculum.

Worthington and Lambach created a 30-hour program that met 1½ hours a day, three times a week, for two months. Focusing on developing a better facility with English—especially work-related English—the employee students also learned about the history of Eli's Cheesecake, Eli's the Place for Steak, founder Eli Schulman, and the company's national reputation. Graduation for the seven students in the initial class was at Eli's, the Place for Steak where each student ordered dinner in English. "This class established that we would all share a common base of knowledge about our product and how we make it," said Worthington. Schulman added, "Eli's has a great story to tell and we are delighted that more of our employees can tell it in multiple languages."

Eli's paid all costs of the ESL training, including employee release time. Participation was voluntary but Worthington and Schulman strongly encouraged participation. Informal daily evaluations of student progress were made, and a more formal evaluation was made on the final day of class.

The ESL program is but one example of Eli's commitment to employee training. Eli's historically has encouraged employees to take training such as GED classes, supervisor training, and baking courses through community resources. The company pays for the training and all related costs such as transportation. Recently, Eli's devoted a portion of its facility solely to training and, in concert with Wright College, instituted its own GED classes. In addition, Eli's annually shuts down production and has an education day in which all employees participate in seminars.

Eli's commitment to employee education and training is also evident through the involvement of both Schulman and Worthington on numerous civic committees. Schulman has been instrumental in building a coalition between the Chicago High School of Agriculture and Wright College to develop a Food Science Tech-Prep course of study. Business input into the program is being provided by Eli's, Kraft Foods, and Quaker Oats.

Although challenges remain, everyone involved with Eli's basic skills training believes the major goals were accomplished—including increased productivity, reduced turnover, and maintainenance of the integrity and quality of the product. Turnover has decreased substantially with fewer than five people leaving during the 12 months preceding our visit.

Getting individuals to speak English outside the classroom can be difficult, however. According to Mike, a packaging supervisor, "communication is very important since we do a lot of job switching. We need good communication to solve packaging problems and indicate which supplies are needed. The ESL class has improved communication some between employees. I try to encourage the employees to use English since many prefer to use their native language. I recommend we have additional language classes to increase the use of English."

Six months prior to our visit, Eli's began cross training all packaging employees so that each employee could perform all jobs. According to Mike, job switching has reduced boredom and increased productivity, and the ability to rotate employees makes scheduling easier. Although it was difficult to train everyone, he says the results have been worth the effort. Eli's has subsequently embarked on cross training employees in all departments.

Wages and Turnover

The average wage at Eli's is $7.50 per hour. Wages and total compensation were thought to be slightly above average when compared with comparable companies in the industry and with the local labor market.

Training, which is viewed both as a company investment and as an employee benefit, does not necessarily result in promotion nor does it directly affect wages. However, employees receive a $50 bonus for each 8-week session completed. A $100 bonus is paid for completing the entire curriculum.

Benefits include: health insurance, life insurance, disability insurance, vacations/holidays, 401K program, tuition reimbursement.

Policies to Stimulate Training

According to Schulman, policies that would strongly encourage basic skills implementation include:

- creating a central clearinghouse for identifying training resources
- making it easy to administer programs
- providing evidence from other firms that basic skills training pays for itself through improved job performance and productivity
- establishing local forums that allow employers to discuss their programs
- establishing employer-sponsored training and education consortia
- providing tax credits

Policies that would have a moderate influence include:

- developing certification tests
- providing grants

Companies wanting to offer basic skills training experience a great deal of frustration. The response of education service providers often is slow. When companies finally make the decision to proceed with training, they want to act immediately. Service providers, such as community colleges, need to act quickly, Schulman says.

Applying for government grants is frustrating to companies because the process is time consuming and cumbersome. Currently, companies receive grant monies once a year rather than when they need it. It was suggested that providing monies quarterly would encourage more companies to offer training.

Schulman says, "There's a ton of duplication of services which makes it confusing for the companies wanting to offer basic skills training. Each provider has its own agenda. A clearinghouse of service providers would make the process easier. We see the value of training and are committed to training our employees...but encouraging other companies to provide training is a slow process. Hopefully, they will begin to see the benefits and try it themselves. Gradually, the process expands until more companies are providing training. Increasing public awareness and competition will be what drives individuals and changes attitudes."

Management /Labor Relations

Eli's commitment to its employees showed in employee enthusiasm and the positive atmosphere we encountered on our visit. Several pieces of new equipment demonstrate to employees that Eli's is a vital and growing company. Communication is open and honest, and we felt a sense of real camaraderie among employees.

Employees receive annual performance reviews from supervisors; appropriate raises and promotions follow accordingly. Eli's prefers to promote from within, but promotional opportunites currently are limited because of the low turnover rate. Eli's has no clearly defined career paths. Workers prepare for promotion primarily through experience and on-the-job training. During the past year, Eli's has been cross training production employees, who now perform a variety of functions.

Management's View of Basic Skills Training

When we first met with Jolene Worthington she seemed surprised by our interest in Eli's training program. "We really aren't doing much in the way of training," she said. However, as she told us about the ESL program, employee education day, cross training and other innovative programs, it was clear that Eli's training efforts are, in fact, well ahead of those of most employers.

Worthington noted, " We still have a long way to go with our program. Initially, I had to remind the employees to attend class. Gradually, they remembered on their own. We discuss with each employee the personal benefits of training. Areas we plan to address include systemizing our training, measuring training, and [development of] our new training center."

Workers' and Supervisors' Views of Basic Skills Training

Jerry Benson, a production worker, summed up the employees' reactions to Eli's training program. "Since starting the GED classes I feel better about my work. I'm enthusiastic, not depressed. Sitting around educated people I know I can do better," Benson said. He then added, "I spoke to Jolene and asked her for different responsibilities. I eventually want a job as [an equipment] mechanic. Marc spoke with me. He said that they can't pay $12 for unskilled labor. He'd pay for my GED. He said he'd pay for me to get the skills I need but first I need a GED. My job has become a vehicle for my future rather than a dead end. Lots of companies don't care about their employees. When a man is willing to pay I'm willing to sacrifice. I've sacrificed to take the GED course. It means rearranging my schedule. School takes time so I have less time for recreation. But its worth it. Before I was depressed and now I feel as if I have a future. I'll stay longer at my job." Benson's spirit wasn't dampened when he failed to pass the GED on his first attempt. He plans to repeat the course, concentrating on math.

Conclusions

Marc Schulman carries on his father's dedication to making each individual feel important. He frequently talks with employees and offers them the opportunity to take courses to improve their skills. Eli's founder, Eli Schulman, had a sign posted on his restaurant stating, "If you are hungry and have no money, we will feed you free." Today Eli's policy is, "If you are hungry for learning, we will educate you for free."

NORBIC's Marty Stouffer says of Eli's program, "We went into the situation blind and learned the importance of setting realistic goals, not promising too much. Since you are pioneers, you learn from each experience. Things will go wrong and you must bring them up so they can be fixed. We also learned about logistics and the challenge of scheduling around production. Some challenges which faced us included a day when no students came to class and a day when the teacher failed to show. Overall we were pleased with the response."

Speaking about business involvement in basic skills training, Stouffer said, "Small and medium size businesses are unaware of the symptoms which indicate a training need. Manufacturers are uncomfortable with the topic of training. They think other companies will steal their trained labor or the trained labor will want more money. They feel its not their job to train employees. They don't realize training builds loyalty."

At Eli's, Chicago's Finest Cheesecake, however, Marc Schulman knows training makes for better employees, higher quality products, and loyalty–and his company's training programs reflect his philosophy.

FAB SYSTEMS

Company Information

FAB Systems, located in Woodstock, Illinois, is a division of ARI Technologies. Established in 1990 when ARI purchased Peterson Welding, FAB provides custom metal fabrication services to ARI and to other medium and large sized companies. FAB has approximately 23 employees, 80% of whom are laborers and production workers.

The Program

FAB Systems does not have a formal policy on training. Prior to its acquisition by ARI Technologies, Peterson Welding hired low-skilled workers. Upon reviewing Peterson's records, the management of FAB Systems saw that some improvement in overall production rates, and a decrease in waste had resulted when Peterson provided training to its employees in the past. This improvement was reflected in the quality of the end product.

FAB Systems, which needed higher skilled workers than they had inherited from Peterson, determined that training might be the answer to their production problems. In addition, FAB has plans to quickly become a quality shop with certified workers. Because certification requires training in many technical areas such as welding and pipe fabrication, training is a significant part of the firm's business plan. The role of schools, community-based organizations, and state or local government does not have any impact on their training decisions; they are all directly business related.

In the spring of 1991, FAB decided to make a basic math class available to employees. Over 50% of the workers participated in the initial, totally voluntary program, taught by a McHenry College instructor at the FAB plant. The first math class, which lasted six weeks, led to a second class. The company plans to continue providing on-site training, but will add welder certification and other technical courses.

All program costs, including the $6,000 cost of the initial class, are absorbed by the company, but employees are not compensated for attending classes. Classes are held on Friday afternoons when FAB's production shop is not operating; the shop runs nine hours a day Monday through Thursday and four hours on Friday.

Program Impact

Both employees and management are pleased with the outcome of the program. Management notes a 30% decrease in errors and waste, and employees indicate they are able to function more independently as a result of their improved math skills. Employees want to learn more and are excited about the possibility of continued training. They are aware of the goals of the company and realize the importance of bettering their skills. Although promotion is not tied to training, employees realize that the more they know, the more likely they are to be chosen when opportunities arise.

Future Training Plans

The company feels it is finished with basic math training and is now focusing on technical training. A welders certification class has been held and other technical courses are planned. Because employee turnover is low, the company doesn't think the program needs to be on-going.

Management's view of Basic Skills Training

The company's motivation to provide basic skills and technical training is driven by internal business needs and is viewed as a necessary investment. Therefore, no hypothetical policy interventions would have had any strong influence on training decisions. Funding or other types of assistance would have been welcomed and management certainly supports the institution of programs, policies and funding opportunities for future training needs.

Management feels that government should encourage programs and reimburse expenses for quality programs. Emphasis is put on quality. If quality is to be sacrificed by government intervention, the company would rather develop and provide its own programs. A clearinghouse of quality providers was suggested as a useful government activity.

Management believes that elementary and secondary schools have strayed from teaching basic math, reading, writing, and problem-solving and that technical schools are dwindling and not emphasizing basic skills. As a result, employers must provide the training and development that is necessary in the workplace.

Wages and Turnover

FAB Systems establishes wages by evaluating both the going rate in the industry and in the local area. The company pays at the top of the range in both categories to attract highly skilled workers. Training does not affect wages, nor is training associated with promotion.

Turnover is not a problem because of good wages, good equipment, and the positive work environment and management style. There is good communication and feedback between management and workers.

Experience of Past/Plans for the Future

FAB Systems currently provides 85% of ARI's equipment but anticipates providing 100% ultimately. FAB also plans to market to more outside companies, but to accomplish this they must be a certified shop, and both quality and production levels must increase. Doubling its workforce within the next 6 months to a year is required to meet this goal.

Training is a significant part of FAB's overall planning, even though the company has no written strategic plan.

Labor/Management Relations

This is a non-union shop in which everyone starts as a laborer, with the exception of those with previous welding experience. Positions above entry level are filled through internal promotion. However, there is no formal relationship between training and promotion.

Input regarding technology, organization of work and quality control is gathered through management meetings and from the foreman's discussions with the workers.

Workers seem to think that management is a little too "soft". Otherwise relations are very good. According to some, "much better than under the former company".

Benefits

Fab systems' employees participate in both profit sharing (based on a percentage of salary), and 401K programs. They have sick leave and are covered by medical, life, and disability insurance. Employees can participate in tuition reimbursement programs, and they receive standard holidays and vacation time.

Conclusion

In conclusion, any public policies that would provide for a clearinghouse for information about providers and funding would be positively received. Tax credits or direct funding would be highly encouraged.

GAYLORD CONTAINER CORPORATION

Company Information

Gaylord Container Corporation, located in Deerfield, Illinois, is a major national manufacturer and distributor of brown paper and brown paper packaging products. The company was formed in 1985 and serves its customers through a network of three paper mills, 26 converting plants, and marketing operations throughout the United States.

Company Description

Gaylord, the tenth largest containerboard producer in the US, increased its paper production capacity in 1990 by rebuilding an existing linerboard machine in one facility and building a new machine in another facility. These projects completed a three year, $300 million dollar capital investment program. Although the company went public in 1989, the majority of the company is owned by the company's founders, who are still alive.

During 1990, Gaylord shipped approximately 10.2 billion square feet of product to its more than 3,000 manufacturing, agricultural, commercial and consumer product customers. Gaylord also manufactures specialty products such as point-of-purchase and display containers, precision die-cut boxes, solid fiber products and bulk boxes.

In 1990, Gaylord experienced a $23.2 million dollar net loss. A decline in sales revenue and operating earnings resulted from lower product prices and lower production levels attributed to disruptions caused by capital projects, especially construction. Higher fiber costs had a further negative impact on earnings.

Management strategy is to return to profitability as soon as possible by improving operating margins through increased production, improved cost controls, and reduced capital expenditures. At the same time, Gaylord intends to keep pace with the industry by focusing on quality, innovation, and service.

Description of the Workforce

Gaylord employs more than 4,000 people, and most of its plants are unionized. The workforce composition, wages, and positions vary by location but are competitive for the industry and geographic region. Plant positions in general include the following:

- machine operators
- machine helpers
- quality technicians
- mechanics
- die makers
- plate makers
- process specialists
- millwrights
- welders
- electricians
- pipefitters
- towmotor operators
- machine tenders
- process apprentices
- starch room operators

Collective bargaining agreements are negotiated on a plant-by-plant basis and therefore cannot be generalized. The corporation does not want any one contract attached as an example of job descriptions or length of contract.

Benefits are flexible and include:

- health insurance
- dental insurance
- life insurance (basic and accidental death)
- supplemental life
- dependent life insurance
- disability insurance
- vacation/holidays
- pension
- educational reimbursement
- deferred profit sharing
- stop-smoking benefit

Employees are promoted based on their skills and seniority. The employees bid on jobs as they become available. The labor grades are the career ladder in most of the plants. Production employees prepare for promotion by a combination of experience and on-site training.

Relations between employee, supervisors, and management were described as good by the two corporate representatives with whom we spoke. The company is implementing "positive employee philosophy" at many locations. This policy promotes effective 2-way communication between employees and the company. Emphasis is placed on mutual respect and trust and encouragement of employee leadership.

Nature of training

When we met with Sue Dammann, Human Resource Manager at Gaylord's Corporate Facility, we learned that Gaylord is a company which provides skill enhancement training at some of its facilities. Gaylord has several innovative programs including a pay-for-knowledge program in its Livermore plant and active literacy programs in Rochester and Atlanta.

In 1986, Gaylord began "Quality In Process" (QIP) its total-quality-management system designed to focus resources on assuring customer satisfaction. A major element in this process is training since, Gaylord, like the industry in general, is moving toward increased automation and technology.

Bill Brazee came on board in 1990 to implement QIP throughout the Container division. Before joining Gaylord, Brazee helped develop and implement a multimillion dollar workforce transition project at Pitney Bowes which included adult basic skills training.

Recently, Gaylord promoted Bill Brazee to Corporate Director of Training. The company plans to centralize the direction of the training function. In the past the plants conducted training on an as-needed basis. Some of the plants use state-provided resources such as local community colleges and literacy volunteers.

The program in the Atlanta facility was implemented in August of 1991. The program offered through WorkAtlanta, is provided free at the work site. Workers are taught reading and math skills using job-related materials.

The pay-for-knowledge program offered at the Livermore, California, facility began in September 1990. Employees progress based on their own motivation to acquire job skills. Specific job skills are posted for each position. Each employee decides on a career path, learns the skills for the position, and moves up the career ladder as quickly as the skills are developed. One employee advanced four positions in six months.

Policies to Stimulate Training

In a discussion on possible approaches for stimulating business interest in basic skills training, the following personal preferences were expressed by Bill Brazee:

Strong Preferences

- Establish local forums/networks to talk about program contributions and challenges
- Design and provide basic skills programs either free or at low cost through local community colleges, schools or other agencies.
- Establish an employer-sponsored training and education consortium designed to share basic skills training costs.
- Provide evidence from other firms that basic skills training pays for itself.
- Provide technical assistance.
- Offer tax credits.
- Give training grants.

Moderate Preference

Develop tests certifying skill acquisition.

Why the Company is Involved in Basic Skills Training

As a young and growing company, Gaylord has many priorities, one of which is to compete in a global marketplace. To achieve that goal, Gaylord needs a trained workforce. QIP is the instrument that the company will use to focus its training resources.

HCC, INC.

Company Information

HCC, Inc., located in Mendota, Illinois, has manufactured specialized agricultural equipment for more than 100 years. Its major products—combine sieves, reels, chaffers, and other fabricated metal components—are supplied to customers such as JI Case, John Deere, and Ford-New Holland. HCC has two locations, one in Mendota and another in Gridley, Illinois.

In 1983, Carl McNair joined HCC, a privately owned company. In 1987, McNair, who is president of HCC, and two other employees purchased the company.

Company Description

With the change in ownership in 1987, HCC experienced numerous changes. A declining domestic demand for agricultural equipment had a significant impact on HCC. As a result, the new owners decided to expand into the international market and also began to diversify HCC's product line to include hauling equipment.

Overall management strategy appears to be growth through global expansion and product diversification. The company is emphasizing improved productivity through attitudinal change, increased skill development, and updated technology. HCC's sales volume is between $20 and $25 million, but more specific information was not made available.

Market expansion, product diversification, and demand from major customers for higher quality products required adding more sophisticated equipment, which in turn demanded new skills for the workforce.

Responding to the changes, McNair explored providing training through the Management Association of Illinois (at that time, MIMA). In 1988, the company began training all employees to participate in a continuous improvement program. Blueprint reading and basic math classes were also conducted. A steering committee and four subcommittees analyzed employee needs and developed plans to respond to those needs.

Description of the Workforce

There are 250 employees operating two shifts: 198 hourly, 52 staff

HCC's production workforce, which is 75% male and 25% female, is 80% Caucasian and 20% Hispanic. The average age of workers is 45, and their average length of service is 25 years.

Local 904 of the United Automobile, Aerospace and Agricultural Workers of America represents HCC's production employees. The company has six production job classifications:

- labor grade 1: technician
    - weld set-up & instruct
- labor grade 2: component set-up & process
    - machine tool set-up & operate
    - welder A
    - receiving, receiving inspection, stores & material
    - mover plant-wide
    - storekeeper
- labor grade 3: spray painter
    - whitney operator
    - learner, set-up-machine tools
    - learner, set-up-components
    - learner, technician
- labor grade 4: notcher set-up & operate
    - roll former/seam welder set-up & operate
    - coating operator
    - shipping, service parts
    - moline drill set-up & operate
- labor grade 5: machine tool operator
    - manual arc weld
    - assembler II
    - hanger (centers)
    - tool crib attendant

- labor grade 6: assembler I
  helper, plant-wide
  building & property upkeep

Labor

Wages are:

Grades	Start	2 Month	4 Month	6 Month
1	10.62	10.77	10.92	11.07
2	9.71	9.86	10.00	10.16
3	9.57	9.72	9.87	
4	9.36	9.51	9.66	
5	9.20	9.45		
6	9.07	9.32		

The three-year union contract provides annual salary increases. Wages and total compensation are above average for the area and industry.

Benefits include:

- health insurance
- life insurance
- vacation/holidays
- disability insurance
- pension
- parental leave
- tuition reimbursement

The company has low turnover, according to management.

HCC employees are promoted based on their skills, abilities, and seniority. Production workers bid on jobs as they become available; the six labor grades constitute the career ladder. Production workers prepare for promotion by combining experience, on-the-job training (OJT), and company provided on-site training.

Relations between production workers, supervisors, and management were described as good. Relations between the union and the company also appear positive; union and company representatives meet weekly. Management seems to want worker input, and recently employees began participating on the continuous improvement process committees. Employees also serve on union committees. Formal grievance procedures exist.

According to supervisor Bill Meen, "Carl [McNair] really listens to the employees and values our input. The company is a friendly, down to earth place. The majority of people are helpful. The company is trying to succeed."

Nature of training

In 1987 HCC began exploring training options in response to several needs: the introduction of new technology, the need to reduce error, waste, and scrappage, the decision to transform HCC's work organization/culture, and a change in management's style. The company contacted MIMA, an Illinois management association, to conduct a training needs analysis. Based on the results of the analysis, MIMA assisted HCC with development and implementation of a Continuous Improvement Program. A steering committee was formed, and 30 employees began participating in MIMA-sponsored workshops.

John Deere, HCC's largest customer, also provided Just-In-Time Inventory training for production employees.

Based on the MIMA needs analysis and as a result of implementing the Continuous Improvement Program, HCC's Quality Control Manager John Weiler began teaching basic math classes to production workers in 1990.

A Prairie State 2000 grant was used to launch the math classes, but McNair indicated that training would have been provided without the subsidy. Said McNair, " Our survival requires training our employees." According to him, remaining competitive requires employees to have more advanced skills, such as the ability to use SPC. However, before they can learn SPC people must know basic math.

The Prairie State 2000 grant paid about half the total training costs of approximately $55,000, according to John Weiler. It covered $27,000 worth of materials and part of the in-house instructor's salary. A majority of the company's expenses were employee release time. Training was voluntary and occurred during company time.

About 150 production workers participated in the math classes. The classes met for two hours once a week for 16-18 weeks. Each session consisted of a half-hour lecture followed by intensive practical application. Weiler supplemented the textbook with additional job-related examples and material. He adapted his program from the Beckwith program.

Pre- and post-tests were used to gauge individual learner needs and progress. According to Weiler, "Tremendous progress was made."

When the basic math classes were completed, Weiler began giving employees SPC training. Three groups of 6–10 employees had completed the 13–14 hours of training at the time of our visit.

Weiler feels there is a need for reading, writing and group problem solving classes. This opinion was shared by Bill Meen, Carl McNair, and Human Resources Manager Sam Wason.

Impact of the Basic Skills Training

According to Carl McNair, the anticipated results from the math program are coming about, but more slowly than desired. McNair expressed satisfaction with both MIMA and Weiler, the internal instructor. Both McNair and Weiler shared their satisfaction with program content, teaching methods, participation, and company impact. McNair felt the program had a significant impact on:

- the workers' ability to compute
- the workers' ability to problem solve
- employee morale
- management/employee relations
- teamwork (the most significant change)

The program had moderate impact on:

- reading
- writing
- communicating
- ability to work independently
- work effort
- time savings
- supervisor ratings
- error rate
- output quality
- ability to use new technologies

According to John Weiler, the major strength of the program was in participant satisfaction; employees felt their jobs were made easier. In addition, the classes demonstrated management's commitment to HCC's employees, and employees learned new work-related skills in the process of learning basic skills. Weiler said he would use even more specific job-related applications and examples in a future program.

Policies to Stimulate Training

The following hypothetical policies would positively influence HCC's decisions about conducting basic skills training:

Strongly Influence

- Establishing local forums/networks to talk about program contributions and challenges
- Local community colleges, schools or other agencies designing, implementing, and providing a basic skills program either free or at a low cost
- An employer-sponsored training and education consortium designed to share basic skills training costs

Moderate Influence

- Evidence from other firms that basic skills training pays for itself
- Availability of technical assistance
- Tax credits
- Offset in unemployment insurance premiums
- Renegotiating employee benefits
- Grants

The employees in the focus group favored employer-provided workplace training but recognized cost barriers to training.

Why the Company Is Involved in Basic Skills Training

Three years ago, Carl McNair and his partners decided they needed to enter the European market because the U.S. market for large agricultural equipment was declining. At the same time, HCC's key domestic customers were demanding higher quality products and more accountability. New technology was required to meet the resulting production demands, but many of HCC's employees were lacking the basic skills needed to use the new technology. Morale was low. At that time MIMA was brought in to assess HCC's needs, and a Continuous Improvement Program was implemented.

Conclusions and Lessons Learned

The economic link between HCC's future and basic skills training is strong. Without training, many current employees can not produce quality products at a profit. They lack not only the skills but often the motivation required to meet the new demands. However, many of the long-term employees appear resistant to change.

The results of the training program so far are viewed as positive but slow. More evaluation tools and data would be useful.

McCORMICK & COMPANY, INC.

Company Information

McCormick & Company, Inc. headquartered in Hunt Valley, Maryland, is a diversified specialty food company which manufactures and distributes seasonings, flavorings and other food products to the food industry worldwide.

Founded in 1889, McCormick "pioneered with products and people," and in 1932 began participative management. McCormick's Multiple Management approach encourages a belief in the "power of people and recognizes the dignity of the individual, the dynamics of human relationships, the need for participation at all levels of employment, and the importance of sharing the rewards of success," according to company literature.

Although McCormick employs more than 7,000 people worldwide, this report focuses on a Chicago, Illinois division that produces speciality seasoning for prepackaged snack foods such as Frito Lay products and Kentucky Fried Chicken.

Company Description

In 1988, McCormick began implementing Total Quality Management (TQM). With employee participation, management established goals and objectives for the plant. However, because the goals were not being achieved, Joe Becker, HR Manager analyzed the situation and concluded the goals were not being met because many employees didn't have the skills with which to meet them.

"We changed the rules on our employees," said Becker. "Years ago, the only job requirements were a strong back, and the ability to lift fifty pound bags. Today we need higher level skills. It's not fair to change the rules and expect your employees to adapt. So we're providing them with the tools they need to make the changes."

Becker started by providing basic math classes taught by a McCormick employee. In 1990, the company began offering reading and writing to the employees, also. The program currently runs for five, 10 week sessions.

The 1990/91 recession had a positive impact on the Chicago division. According to Steve Stone, Plant Manager, the division is having its best year ever. Overall, company sales are more than $1.3 billion; specific sales figures for the Chicago division were not available.

Both the division and the company expect continued growth in the future through additional acquisitions and through market and product expansion. The company places high priority both on long-term and short-term planning, including all employees in the process through group meetings. Quarterly plant-wide meetings occur to keep employees informed of company developments.

The overall management strategy appears to be continued growth with a focus on improved productivity, updating technology, and investing in workforce skills training to maintain a competitive edge. The company is profitable.

Description of the Workforce

The Chicago McCormick division has 89 employees operating three shifts:

- 46 production
- 23 management
- 10 clerical
- 10 technical

The production workforce which is 75% male and 25% female, has an average age of 42, and an average length of service of 12.3 years. The relatively diverse production workforce is comprised of:

- 15% Caucasian
- 40% Hispanic
- 40% African American
- 2% Asian
- 3% Polish

Wages and total compensation were thought to be slightly above average compared to comparable companies in the industry and in the local labor market.

Wages are:

Labor Grades	Minimum	Midpoint	Maximum
3	7.80	9.38	10.92
4	8.36	10.03	11.70
5	8.87	10.65	12.43
6	9.44	11.36	13.24
7	10.01	12.01	14.02
14	13.87	16.65	19.44

Benefits include:

- health insurance
- life insurance
- vacation/holidays
- disability insurance
- pension
- parental leave
- tuition reimbursement
- profit sharing

The company has a annual turnover of less than 3%.

The labor grades constitute the career ladder. Jobs are posted as they become available, and all employees have the right to apply for open positions. Employees are promoted into new positions based on their skills and individual abilities. Production workers prepare for promotion by a combination of experience, on-the-job training, and on-site basic skills training.

Relations between production workers, supervisors and management were described as excellent. Management actively solicits worker input to set production goals through regular group meetings. Formal grievance procedures exist.

According to Sam, a 21-year employee, "I like the company; good benefits; they paid for my son to attend college."

Other employee comments on quality of work life included:

- treat you like a human being
- good
- fair
- great place to work

The three supervisors with whom we spoke all commented favorably on the relaxed atmosphere and good working environment, especially compared to other food companies for whom they had worked.

Nature of training

Some of the changes Joe Becker mentioned as causing the need to develop new and greater worker skills were:

- increased competition
- new requirements for certification
- increased health and safety practices
- changes in the available workforce
- the schools, failure to educate the workforce
- introduction of new technology
- decision to improve customer relations
- need to reduce waste, errors, and scrappage
- decision to transform corporate culture
- a shift to a more enlightened attitude toward labor-management
- an internal labor pool

Unlike ten years ago, when the only skill requirement was lifting heavy objects, today the workers must use Statistical Process Controls (SPC) to chart upper and lower limits. And within the next ten years the skills needed will continue to increase.

A math program was developed and implemented in 1989. About 15 students participated in the program, which was 16 weeks long.

In 1990, a needs assessment was conducted and two levels of reading/writing classes were developed. Both classes meet once a week for two hours; there are five, 10-week sessions. An outside instructor teaches the job integrated classes using a variety of techniques to stimulate participant input. Fifteen students participate in the voluntary class, but the needs assessment indicated another 5–10 employees could also benefit from the program. The employees attend the first hour of class on company time and the second hour on their own time. Attendance fluctuates somewhat based on personal situations.

The McCormick classes are known as the SPICE classes and no reference is made to literacy. While management referred to the classes as reading/writing classes, the students referred to them as the English classes.

The Chicago division budgeted $25.000 for the training, not including release time. The budget covers books and teacher salary.

Impact of the Basic Skills Training

According to the McCormick management team, the goals of the basic skills training program are being achieved. They expressed satisfaction with School District 214 which provides the instructor, and they are satisfied with program content, teaching methods, participation, and company impact. They felt the program has had a significant impact on:

- reading
- writing
- workers' ability to compute
- workers' ability to problem solve
- retention
- advancement
- morale
- worker/management relations
- teamwork
- independence
- error rates
- worker safety
- customer satisfaction
- quality of output

Moderate impacts include:

- ability to use new technologies

Pre- and post-testing also indicate significant learner gains.

Management expressed an interest in providing GED classes following the completion of these sessions.

Policies to Stimulate Training

The following hypothetical policies would positively influence McCormick's decision about conducting basic skills training:

Strongly Influence

- tests certifying workers have the skills
- technical assistance
- inexpensive program provided by a local adult education provider
- program jointly designed with other employers
- tax credits
- offsetting unemployment insurance contributions to reduce training costs
- grants to reduce training costs
- guarantees that employees would remain with the company long enough to recoup costs

Moderate Influence

- evidence from other firms indicating basic skills training pays for itself
- establishment of local forums/networks to discuss programs
- paid release time provided through external funding

Why the Company is Involved in Basic Skills Training

Through the years, but especially since 1932, McCormick has demonstrated its commitment to employee empowerment. The recent introduction of a Total Quality Management (TQM) process has continued this corporate tradition. When it became evident that the Chicago division was not meeting its anticipated goals, management analyzed the program, determined that basic skills training was needed by many employees, and moved quickly to provide the necessary training. Everyone with whom we spoke is committed to providing the employees with the tools they need to empower themselves.

Conclusions

In scheduling the interviews, Joe Becker arranged three different group meetings with top management, several supervisors, and employees. This worked well and provided useful information from several perspectives.

We were impressed by the sincerity with which everyone spoke of their enjoyment working at McCormick. My interviewer partner commented, "While waiting in the employee parking lot, every single employee who passed by asked if they could help me." One supervisor we spoke with, Cliff, was so convinced of the training benefits that he was willing to have employees who couldn't attend the full two-hour class attend the one hour during company time. In the past, he'd spent his own time working with employees who had difficulties. Everyone with whom we spoke mentioned ways in which McCormick differed favorably from other food manufacturers.

Cliff commented, "Here the power is bottom up. I've more authority than the managers. We let the people be involved. An example is reviewing the process and establishing goals. Together the department sets the standards. We have a group meeting to establish the performance criteria we will use. I simply monitor performance. If we don't meet the goals we gather more facts to determine why. Management allows us to make our own decision. It's dynamic, always changing. The environment here is less stressful, more laid back. People are friends not competitors."

Cliff added that he would like to see the basic skills program goals raised to increase the education level from fifth grade to seventh grade.

Brian Smith, Production Manager, also pointed out the benefits of working at McCormick.

Both Brian and Cliff commented on the employee changes which resulted from attendance in the basic skills program. One employee who previously signed his paycheck with an X could now write his name.

"Do" Companies

METHODIST MEDICAL CENTER OF ILLINOIS

Background/Past and Future Plans

The Methodist Medical Center of Illinois is a not-for profit hospital located in Peoria, Illinois. Peoria is the third largest city in Illinois and represents what politicians refer to as "mid America." Like most health-care providers, Methodist has been affected by continuous changes in medical knowledge and technology and decreasing reimbursements. Methodist has been a leader in the development of outpatient services while maintaining a comprehensive array of inpatient services. In addition, changes in the state reimbursement system (for Medicaid) has put a financial burden on Methodist. Nevertheless, the hospital continues to grow–physically and in services provided.

Peoria Methodist employs around 2,800 people. Methodist employees are classified as follows: 3% management, 47% professional and technical (nursing, laboratory technicians, etc.). Hospital employees are responsible for the daily operation of a 450-bed hospital and an outpatient diagnostic and research center.

The current recession has affected Methodist, especially delays in Medicaid payments and reimbursements that result from an empty state treasury.

Education and Training Program

Education programs have been a long standing tradition at Methodist, according to hospital management. Employees are encouraged to attend professional seminars and continuing education and skills training classes offered at Methodist and in the community. Notably, they have a staff person devoted to employee education, and the current president was admirably termed "an education advocate, a visionary."

According to Employee Education Coordinator Linda Solovy-Pratt, the basic skills program at Methodist began because the hospital's president was concerned about maintaining a quality workforce in the face of changing demographics. His desire to provide a basic skills training program was part of the reason the program was implemented with no resistance. Indeed, management billed the program as an educational opportunity for employees who might not take advantage of the tuition reimbursement program for external courses. Management was concerned that many employees possibly were unable to participate in the tuition reimbursement program because of their low academic skill levels.

Another reason for the smooth implementation of the program was Nancy Varness, Adult Education Director at Illinois Central College (ICC). Solovy-Pratt credited Varness with offering Peoria Methodist a "wonderful package—flexible, affordable and with terrific teachers." The mutual respect between Varness and Solovy-Pratt was evident. Varness said, "Linda is and has been the key person. She made herself very knowledgeable in the area. It was great to work with her."

Solovy-Pratt acts as an advocate for the program in the hospital. She is the contact person for interested participants, the liaison with the hospital, and the sounding board for the concerns of supervisors and participating staff. She and her boss, Martha Diebold, were responsible for the implementation and "sale" of the program within the hospital. The basic skills program had been in place less than one year at the time of our visit.

Solovy-Pratt and Diebold originally approached ICC (a relationship had previously been established with the college) and discussed possibilities for classes. Together they decided to start small and target employees in just four departments: Environmental Services, Food Services, Linen Services, and Supply Processing and Distribution. Solovy-Pratt, Varness, and a hospital employee made initial presentations to all employees in each division. The Chief Operating Officer also encouraged employees to take advantage of the program during his annual address to employees. As a result of these presentations, which generated great interest, seven classes were organized.

Part of the recruitment success was due to Tonnie, a long time employee of the hospital. Tonnie made a presentation at each of the eleven meetings with hospital personnel about her struggle to get her GED. She shared her personal story, and this motivated many people to consider taking advantage of the classes at the hospital.

Scheduling was the one major administrative difficulty. According to Varness, "logistics are complicated when you are talking about a worksite which operates seven days a week, 24 hours a day." Employees' schedules weren't the same from week to week, nor were the shifts the same across the departments within the hospital. Even with the formidable scheduling obstacles, the commitment to proceed with classes was high among the Methodist and ICC staff. An arrangement was worked out whereby two classes were offered per shift, and the ESL class took place one morning per week for two hours. All other classes ran for one hour twice a week and were multi-level. The general enhancement curriculum includes a college-developed math module, GED, and discussion of related work materials.

All individuals interested in attending classes were given a formal assessment. (TABE math, Gates-MacGinitie, and a short writing sample about their job). Those who tested out of the basic skills program were given the opportunity to participate in an on-site career counseling session. This session was offered by the college and included aptitude testing, individual counseling, and information on higher education opportunities.

Basic skills, (math, reading, pre-GED) and ESL classes are conducted on paid time (for some employees this is during the work day, others are paid to attend before or after their shift). Employees enrolled in class must sign an agreement that they will remain with Methodist for six months after completion of the course or repay their tuition costs. This agreement is the same for employees involved in the tuition reimbursement program.

Classes are on-going, running on MMCI's own schedule. Student-employees are encouraged to remain in class until they achieve their GED or meet their own personal goals. There is no plan to terminate classes. According to Solovy-Pratt, "we are committed to providing classes as long as people are interested in attending."

All class costs are paid by the hospital. Management views classes as an investment in the workforce and an additional benefit for employees. Class costs are based on normal ICC tuition per employee except when class size is less than 15. The hospital made a commitment to keep classes small in order to provide students with more individualized instruction. Thus, tuition and materials costs to Methodist average about $227 per employee-student per semester. Employee release time was calculated into the cost equation.

Management and supervisors are generally pleased with the impact of the program. Increased self confidence is the primary change that has been noticed. Communication with and among non-native English speakers has also improved.

Policy Influences

Top management identified the following hypothetical policies as having a potentially strong influence on a decision to provide basic skills training:

- evidence from other firms that skills training pays for itself (especially evidence from other hospitals— Solovy-Pratt had talked to several hospitals in Florida that had basic skills training programs in place. She learned of these programs through features in industry magazines.)
- availability of technical assistance
- access to a college to design, implement, and provide basic skills programs
- potential recouping of investment because of employee retention or reduced employee turnover

Of no influence were:

- employee contributions to training from salary or benefits
- grants

Martha Fritz, Senior Vice President of Methodist, felt business should play a role in providing workplace education. However, this role should reflect the realities faced by small and medium sized businesses. Government may have a role in facilitating dialogue between the workplace and educational settings. Both employers and government have a responsibility to hold schools accountable for educating the general populace.

Employees felt that providing education programs made good business sense. All agreed that such programs "showed that the business cares for the people who work there."

Wages and Turnover

Salary Scales

Service Employees	$5.00 - $9.00 per hour
Tech. Professional	$7.00 - $20.00
Clerical	$5.75 - $13.00

Employees are hired internally when possible. Raises and promotions are based on employee reviews. Supervisors are encouraged to take participation in educational activities into account when reviewing employees. However, no formal link exists between training and promotion.

Wages are similar to other health care institutions in the region.

Excessive worker turnover was characterized as "not a problem" for Methodist, but it was noted that turnover has increased. Turnover in the pilot areas was attributed to the pace and "less-than-attractive" nature of the work. Turnover is not an impediment to the basic skills program because employees make a commitment to stay on the job for six months after completion of the program or reimburse the hospital for class costs.

Labor-Management Relations

Peoria Methodist, which is a non-union facility, offers employees the following benefits:

- Section 125 flexible benefits program
- health, life, disability insurance
- earned time off (combined vacation, holiday, sick, and personal time)
- pensions
- parental leave
- tuition reimbursement.

There was general agreement that labor/management relations were relatively good. Employees felt the hospital was a "family place." However, several expressed frustration that opportunities for job promotion or job change were limited. Management agreed that the quality of work life was family oriented and that people at the hospital "got along."

Management and Employee's View of Basic Skills Training

Management sees the basic skills program as an opportunity for employees to improve the quality of their lives through education. Employees agreed that the classes were a benefit that the hospital offered to them and expressed satisfaction with the basic skills program. Said one person, "If it weren't offered here, I would never have had the opportunity. I appreciate it."

Conclusions

This was one of the most smoothly and quickly implemented programs we saw during the course of this study. The relative ease with which the program was put in place can be attributed to several factors—the interest and support of the hospital president, the pre-existing importance of education within the hospital culture, and the hard work of Linda Solovy-Pratt and Nancy Varness.

MORTON MACHINING AND MANUFACTURING

Company Background

Morton Machining and Manufacturing in Morton, Illinois, is a general machining and model job shop providing parts to large manufacturers, including John Deere and Caterpillar. Founded in 1950 and incorporated in 1952, Morton Machining and Manufacturing is run by the founder's son, Steve Schatsiek.

Company Description

A number of new developments during the mid to late 1980s caused Morton Machining and Manufacturing's management to examine its operation and to plan and implement changes. New certification, health, and safety requirements were catalysts for change, but so were increasingly less well prepared workers (Schatsiek believes schools no longer provide sufficient vocational education) and competition for qualified workers by a company new to the area and offering higher wages. In addition, Morton wanted to reduce the percentage of work done for a few major customers by diversifying its customer base, a change made all the more important by a recession that has had a negative impact on the company; 1991 mid-year sales were 35-40% behind prior year sales, prior year profits of 7% declined along with sales, and markets continued to shrink.

Schatsiek and his management team's response to the problems created by these changes has been to find better ways to do things. Although Morton Machining did not intend to become a production shop, preferring to be a short-run shop doing work that most places would turn down, in 1988 the company started making major investments in equipment as part of a plan to upgrade its operations in order to do more complex work. As the work environment changed and equipment became more complex, basic skills training was instituted to equip employees to deal with the changes. As explanation for the decisions, Schatsiek said that in today's market companies cannot simply raise prices but rather must employ high technology and find better ways to train employees.

Every year the company does a written five-year plan that includes strategies for investing in technology, capital equipment, and training.

Description of the Workforce

Morton Machining and Manufacturing employs 27 people in shop, management, and clerical/office positions. The ratio of men to women is about 7 to 1, and employees range in age from 22 to 51.

Employees are not unionized, and most live in the surrounding area. Lower skilled operators start at $6.00 to $6.50 an hour depending on experience. Individuals with two or three years experience or higher education are paid between $8.00 and $9.25 an hour. There is no set wage scale. Raises and promotions are determined on individual bases; promotions tend to follow training. Wages are generally comparable with those of similar area employers and with overall wages in the local market, but there are larger companies in the area that offer more money.

Morton employees receive health insurance, life insurance, disability insurance, dental insurance, vacation/holidays, and tuition reimbursement. These benefits are comparable to other firms in the area, and the health and dental plans are better than most, according to Schatsiek.

The cost of training is considered an offset to wages and is seen as an investment. While Schatsiek is committed to training, he is concerned that Morton will make a substantial investment in training only to see workers use the training to get jobs in other firms. The company is investigating the possibility of having an agreement with workers being trained to combat such a situation. Turnover has been a problem for the company.

Schatsiek characterizes the relationship between labor and management as one in which friction sometimes occurs. A self-described "hard-to-work-for" individual, Schatsiek talks about trying to get the most from each individual worker. At the same time, he also describes himself as someone who rewards hard work. Schatsiek maintains an open door policy. Employees with grievances can come to him to discuss problems. During interviews with employees, they reiterated that there was an open door policy and that being able to talk directly to the president about a problem is a benefit.

Employees can also get issues brought before the management team, which meets regularly on Friday mornings, by bringing their concerns to any member of the team. In addition, a materials review board comprised of managers and operators reviews issues of scrap and waste.

Nature of Training

Morton Machining and Manufacturing's basic skills education and training includes on-the-job training, tuition reimbursement at a local junior college, a high school and college internship project, and courses developed by Caterpillar.

The Caterpillar courses in blueprint reading and geology tolerance include some basic skills components. Members of the management team, including Schatsiek, were trained by Caterpillar to serve as course instructors. Classes were held on Saturdays off site.

Workers are encouraged to sign up for classes at the junior college. Mark Hocking, Morton's vice president of manufacturing, talks to employees about their goals and reasons for taking specific classes. Recently, he has noticed a difference. As Morton computerizes some shop activities, a number of workers have taken advantage of the tuition reimbursement program to learn about the system. Hocking himself has used the program to improve his skills and education. One of the interns was hired to work in the shop after graduating from college and will take statistical processing classes in preparation for instructing the rest of the shop employees in this subject.

Impact of Basic Skills Training

According to Hocking, the Caterpillar courses helped nearly all the employees. Schatsiek believes the employees developed good math, blueprint reading, and geology tolerance skills. Schatsiek and Hocking would like to continue the Caterpillar program in its current job integrated format.

Employees saw the Caterpillar program as reinforcing what they already do on the shop floor. They felt the class was basic in nature but well run. Workbook materials and instruction provided by a familiar person were positives.

Policies to Stimulate Training

The policies that would strongly influence Morton's management to implement or expand a program are:

- an employer-sponsored training and education consortium
- paying lower wages during training period
- an employee-supported education and training fund
- training grants
- policies to assure that trained employees stay with the company

Employees thought many companies do not implement basic skills programs because they are put off by the costs and by the large time investment required to succeed.

Why the Company is Involved in Basic Skills Training

Schatsiek cited the need for generally better educated workers as the primary reason to implement the training program. Math skills were specifically identified as needing to be improved, but the principal goals of the program are to increase work skills, performance, and profitability. Training also is used as an incentive for new employees.

Conclusions

This company sees training as an investment and as a way to make itself unique and competitive in its market.

Both the president and vice president are interested in instituting a formal apprenticeship program, which they see as mutually beneficial for companies and employees.

The internship program, which seems to work very well, mutually benefits the company and the participants as well as increases community involvement.

NATIONAL BUILDING SYSTEMS

Company Information

As Ronald Pearce, Vice President for Operations and Management at National Building Systems (NBS), begins to describe the education and training program offered at his company, it becomes obvious that this is a weighty issue for him—an issue worthy of reflection and concern. "The original impetus to do this came from CEFS (the initial education provider). But now I'm hooked, convinced. Its hard to determine the return on investment, but let me tell you, a good attitude means better results and we have seen that here."

National Building Systems, located in Effingham, Illinois, produces prefabricated homes. The company employs more than 150 people year round and adds another 80 or so in its peak season, summer. The majority of the workforce is made up of production employees, people whose primary job is to produce the pieces of the houses from specifications developed by the engineering and architectural departments. The prefabricated homes are shipped to and assembled on individual construction sites.

Education and Training—Phase 1

National Building systems began offering basic education classes to employees in 1989. The idea for the classes was attributed to CEFS, an employment, training and education provider for Clay, Effingham, Fayette, and Shelby Counties. As a job development and education agency, CEFS was training and placing JTPA participants at NBS and other area firms. Marilyn Utz, Personnel Supervisor at NBS, and the CEFS staff shared a concern about the lack of orientation of new employees to the worksite. This mutual interest led CEFS and NBS to discuss and design an innovative educational program for new production employees. However, the idea was tabled when a slow summer brought no new hires.

The following year, NBS applied for a workplace literacy grant from the Illinois Secretary of State's Literacy Office. This special grant program provides matching incentive grants to businesses working with a specified education provider to offer basic skills training to company employees. NBS received a $5,465 grant for fiscal year 1991 and matched the grant amount by paying for employee release time, additional instructional costs, and space for classes. The grant paid for employee testing and course costs.

Initially, the class was conducted by a teacher from CEFS. She collaborated with management at NBS to design a course that emphasized worker safety but also incorporated reading, writing, and math. Everyone at NBS was given the TABE test. Potential program participants were identified by the test results, by supervisor recommendation, and by announcements calling for volunteers. Final selections were made by the Carpenters Union, which represents the majority of NBS' employees. Those employees who were selected to participate in the class received letters from the company and the union congratulating them on their new educational opportunity.

The course, which ran for ten weeks, had a customized job-related curriculum that incorporated NBS work materials. According to several employees interviewed, the class was good and the teacher was great. Said one satisfied learner, "During the class we took tours of the plant and got to know what everyone did. That was real helpful."

The NBS class was cited by management as being responsible for reducing job-related accidents. In the year immediately after the class was held, worker compensation claims were reduced 75%, saving the company about $750,000. Personnel records indicate that of the 21 people who took the class, there have been only four minor injuries as compared to 18 recorded in the prior time period. There has been almost no injury-related down time since the class ended. Now, all new hires receive safety training.

Education and Training—Phase 2

When NBS received a second-year grant from the Secretary of State's Literacy Office, a significant change was made in the education program. CEFS, the original provider, was unable to find a teacher to conduct the course. Thus, NBS began a partnership with Lakeland

College, a Community College based in Mattoon, Illinois.

Lakeland College offers employers three prepackaged 30-hour classes from which to choose: applied communications, vocational math upgrade, and applied reading. In addition, volunteer tutors are provided by Project PAL. Modifications can be made to the three packaged courses to meet specific employer requirements, and worksite materials are used in class to the extent feasible. Class costs are calculated at $86 per person per class if a twelve-student minimum is met. When we visited NBS, each of the three Lakeland classes had been offered once.

Ronald Pearce indicated that he was pleased with Lakeland College and "appreciated the resources brought to bear by involving the community college." At the time of our visit, however, basic skills classes were on hold at NBS. Although NBS applied for a third grant, it was not approved. Ron Pearce was philosophical in his response to being turned down for another grant. He said, "I think they wanted—and rightly so—to spread those grants around."

Other factors have also had an impact on the company's ability to provide basic skills training, in spite of its commitment to do so. Those factors include a management buyout of the company, subsequent modifications in operations, and the pressures of a busy summer season. According to Becky Dorgan, Adult Education Director for Lakeland, NBS had committed to resuming classes in the fall when the frenzy of summer production eased.

Policies to Stimulate Training

Ron Pearce felt that the biggest barrier for small or medium sized businesses wanting to initiate or maintain a basic skills program is access to information. Inexpensive materials and consultations are difficult to find. Educational materials that could easily be adapted for in-house use are especially scarce. According to Pearce, technical assistance or information such as this would be most useful if it came through business associations, the Chamber of Commerce, or local agencies. Pearce mentioned that seed funding was an important catalyst to initiate basic skills training programs. In the case of NBS, Pearce said that the grant enabled the company to try out basic skills training without a costly up-front investment. After putting the class in place and seeing the results, he was convinced of its value. However, Pearce felt strongly that policies and funding mechanisms should be handled at the state and not the federal level. Said Pearce, "Its too damn tough to work with the Federal government."

Management's View of Basic Skills Training

Pearce mentioned that business should have a commitment to helping people improve their work skills. "Everyone wants to move up and increase their earnings. Sure, some people may take the training and leave, but that's okay. The overall benefit far outweighs the risk." NBS worked with the local education provider to make the curriculum specific to the job. This specificity, Pearce felt, made the classes more relevant to the participants and made the connection between education and earnings potential clearer.

Workers' and Supervisors' Views of Basic Skills Training

The employees interviewed felt that NBS should offer more classes and open them to everyone. All three employees interviewed emphasized the value of learning about how the company operated, taking a tour of the plant, and becoming acquainted with "what happens in every part of the organization." For those interviewed, this experience was the most significant part of the class. Said one employee, "You can do your job better when you understand the entire process and where you fit into it." One person also mentioned that schooling has changed a lot since he graduated. He felt that the refresher class was important and that he might be more prepared for future promotions. One employee noted enthusiastically that his son is doing better with his studies, especially homework, since the father started taking classes. The father not only encourages the son to study now, but he sets an example and helps his son with homework. All the program participants interviewed felt that more and longer courses should be offered at NBS; two people felt that a basic computer class would be an excellent addition to the program.

Participants in the focus group generally agreed that offering basic skills courses would help other businesses. According to one employee, "there is a big advantage to a company when workers get acquainted with what happens in every part of the plant." The employees felt that other employers were probably hesitant about offering classes because of the cost. "Seems like all these companies are looking for ways to cut costs, and they won't offer classes if they don't feel they are getting something out of it," one employee said.

Wages and Turnover

Wages at NBS range from $4.25 to $7.60/hour for production workers. The average wage is about $6.55. Initial wage increases come after 60, 180, and 270 days. According to Marilyn Utz, wages are relatively comparable to those paid by other employers in the area. However, there is one local business which has a tendency to "cream" the labor market by hiring at a much higher rate. When this company is hiring, NBS loses people. At other times, turnover is less common but is perceived to be a slight problem. Tardiness and unexcused absences have been bigger problems for NBS. The company tried to minimize these problems with a small monetary incentive, but apparently the program didn't change anything. According to Utz, "Those who were chronically tardy changed for a few weeks, but they usually went back to their pattern of lateness. Finally, we just gave up."

Benefits for production workers are average for the area. Production employees have no paid sick leave, one week of paid vacation after a year, 50% payment of health insurance, and tuition reimbursement. Office and professional staff have a slightly more generous benefits package.

There is no profit sharing at NBS.

Hiring is done through a local temporary agency. Most new hires are brought on as seasonal workers and are viewed as temporary for 120 days. After this period, they may be hired on full time. Most promotions are made from within, but turnover at the higher levels is fairly low and someone has "to die or disappear" for promotion slots to open.

Neither wages nor promotions are tied to training.

Plans for the Future

The recent management buyout of the company probably will bring some changes to the firm. For several months, relations between management and production workers have been strained due to uncertainty caused by the buyout. However, management is working to smooth out relations by implementing a somewhat more participatory style of management into their planning and production processes.

The current recession has significantly affected the firm. Profits are down and the housing market looks glum. Nevertheless, NBS was very busy during 1991. According to Utz, "there seems to be a lot more overtime this year than in the recent past."

OTTO ENGINEERING

Company Information

OTTO Engineering, Inc. is a manufacturing business located at Carpentersville, Illinois. Jack Roeser, President and founder began OTTO in 1961. 1992 sales were $11 million. The company employs 160 people. Its main products are custom precision switches and control products. Push button, toggle, rocker switches and related assemblies are a few of its main product lines. Fifty percent of OTTO's market is in military related products. Increasingly, OTTO is expanding into commercial markets making products for fork lifts, boats, medical and communication equipment. Customers include Boeing, General Dynamics, Motorola, IBM, Abbott, General Electric. OTTO has attained preferred supplier status at many of its customers.

The company is vertically integrated having capability in machining , injection molding, and metal stamping. OTTO manufactures over 50% of the components of its products. Design Engineering incorporated CAD/CAM and EDI Technologies. Sales are international through a network of independent manufacturer's representatives.

The company philosophy can be summed up with the following quote from the OTTO Engineering Handbook: "Our success would not have been possible without the support of our employees, who are the heart of our company and key to its success."

Education and Training Program

Tom Roeser, General Manager, believes that public schools are not being successful with non- college bound students. "High schools should invest in subjects such as English and Math. Attempts to train in vocational education is inefficient." The business community will train employees if the schools prepare students to be trainable. "I want trainable employees, not trained ones."

OTTO provides on-site training in statistical process control (SPC), problem solving, team building, and leadership skills. An English as a second language program (ESL) was provided for 40 employees who had insufficient communication and other skills required to implement SPC company wide. More that six different languages are spoken at OTTO (Spanish, Korean, Laotion, Cambodian, Polish and English) and many employees were unable to speak directly to supervisors. Additionally, supervisors could not effectively communicate with these employees.

Elgin Community College provided an ESL program at OTTO Engineering. Classes were held at the end of the work day from 2:15 pm – 4:15 pm. Workers were given the last hour of the day as release time and contributed an hour of their own. Sometimes, student-employees would stay for the paid hour, then leave. A charge was made to dock a worker the paid hour if he or she left early. Problem solved.

A test instrument developed internally by Elgin Community College, was administered to employees to determine ESL levels. ECC's teacher, Dan Kelly, developed the curriculum. According to Timothy Skoning, Kelly observed workers on the job, interviewed supervisors and employees, and then customized the curriculum. He also began to learn some of the languages that were unfamiliar to him.

Teachers for the OTTO program were provided by the Elgin Community College adult basic education department, Scott Ebaugh, Director.

A paid teacher's aide was added when the ESL class began operation, and after the first 100 hours of class, a second paid teacher was added. The two teachers and the aide set aside time to talk to supervisors and team leaders to explain the activities taking place in the classroom. Initially, supervisors had been upset about workers leaving the production line to attend class; the absences were affecting production. However, as a result of their discussions with the teachers, the supervisors and team leaders began taking turns sitting in the classes. They quickly became supportive of the program because they now understood the need for and benefit of the classes.

Worker's views of basic skills training

Participants expressed a great liking for the class and especially for the teachers. The teachers received rave reviews from management, workers, and workforce education specialists.

Program participants stated that they learned to speak with one another and with the supervisors, teamleaders, and managers. Other lessons learned in class, according to the worker, included: trouble shooting; writing work orders; using American Slang words (one worker stated that when asked for the first time "What's up?", he looked up); general speaking, writing, grammar and reading, and ethics, prejudice, and discrimination. One worker stated that when she came to the U.S. (23 to 24 years ago), she was afraid because she did not know any English. Now, she knows a lot of English and is no longer afraid. She and one other worker are on a steering committee for employees who feel uncomfortable going to a supervisor or group leader about a problem.

One student-employee said that she used to just nod her head when asked a question, but now she talks. Another class participant said that she uses more English at home with her children how, and yet another person said she now uses English at her sister's house but still speaks Korean at home. Workers said it was hard to attend classes the last hour of the work day because they were tired and needed to go home. However, the instructor made the class interesting, and the workers realized that they were learning and progressing.

Management's View of Basic Skills Training

Management and supervisors noticed increased communication taking place between them and the workers among the workers during and upon completion of the classes. No formal measurements were made of the impact of the program on worker productivity or performance, but Tom Roeser believes that if you work with one worker, the whole group of workers gets better. He said that he knows all the employees and could see the changes in communication at work and at company activities. He also consulted supervisors and group leaders to ask their opinions regarding the success of the program. He said the facts showed that, in spite of having fewer workers in the past, quality, performance, and profits and output were up.

In spite of its success, the ESL class has been put on hold for now. The first class successfully achieved the initial company goal, and they were not sure what the next step should be.

Policies to Stimulate Training

Roeser strongly believes that the public schools are not working effectively and he favors a voucher system through which parents and students could select the school of their choice. Roeser went on to say that if such a system was implemented in Illinois, OTTO Engineering would begin its own school for employee's children and others within the community. Roeser believes that state or federal funding for workplace literacy is inefficient and he favors government that provides a strong environment for business. Businesses that are allowed to flourish will provide for workplace training programs. Government environment that support business are low taxes and ones without burdensome regulations.

Hypothetical policies to stimulate basic skills training that Roeser considers potentially useful include:

- demonstration that basic skills training pays for itself through increased job performance and productivity (strong)
- development of local forums/networks of employers (strong)
- development of tests by employer groups to certify employee competence (strong)
- availability of free or low-cost classes from community colleges (strong)
- funding to pay for employee release time (strong)
- technical assistance (moderate)

Policies that were described as not useful:

- government intervention from tax credits to grants to offset of unemployment insurance contribution
- renegotiation of benefits package, paying workers lower wages during training, having workers pay a percentage of salary for training

Management is not concerned about training employees and then losing them. They believe that if the company provides a supportive work environment, workers will want to stay. However, management believes that this issue might be a concern to other companies.

Wages and Turnover

Wages for production workers begin at $5.00 per hour (slightly lower than competition) and increases to $8.50 per hour (comparable with competition) at the final skill level.

Company benefits include: health insurance, profit sharing, 401K, paid vacation and holidays, tuition reimbursement, and employee loans up to $1,000 at 7% interest. In addition, the company pays nonsmokers $20.00 a month and smokers who don't smoke at work $10.00 a month. The company has a large Christmas party and annual company picnic.

Training is viewed as an investment at OTTO, but is does not affect wages. No bonuses, raises, or promotions are specifically given upon completion of training. Worker turnover is not seen as a problem. The company has never had a layoff and most workers remain with the company for many years.

Absenteeism used to be a problem until a no fault point system was developed. Under the point system, the more a person is absent without an excuse or without calling in, the more points the person receives. If an employee receives nine points in a year, the person is not eligible for a raise. If an individual receives 12 points or more, the person does not participate in profit sharing for that year. Points are accrued as follows: a worker receives one point for an absence with a doctor's excuse; two points for an absence without a doctor's excuse; and three points is the person is absent but did not call in. Fifteen accumulated points is grounds for termination.

Plans for the Future

OTTO Engineering has grown tremendously in the last 30 years. In the recent past, the size of the workforce has decreased while sales have increased. The military market is down due to cutbacks in the armed forces, but the commercial market has grown. The current recession is having a slight impact on the company, but generally the future is bright.

OTTO Engineering, which built its reputations on providing quality products, is very concerned with maintaining its quality standards and has implemented an SPC system. However, the company must continue its basic skills training program if employees are to effectively use SPC now and in the future.

Conclusions

OTTO Engineering believes in investing in training for all employees. A family atmosphere prevails at the company. Management believes that there is a return on investment in basic skills training although it is difficult to measure. Most of the recognized progress of student-employees came from management and supervisor observation of worker's increased communication capabilities. Management believes that workplace basic skills training is a responsibility of the business not the state and federal government. Jack Roeser has been appointed to the Secretary of State's Literacy Council.

"Do" Companies

SPIEGEL, INC.

Company Information

Spiegel, Inc. is one of the nation's largest direct marketers of merchandise and a leading specialty retailer. Founded in 1865, Spiegel markets apparel, household furnishings, and other merchandise through catalogs and specialty retail stores. The company, which considers itself an innovator in the retail industry, had 1990 revenues of nearly $2 billion.

According to Human Resources Vice President Harold Dahlstrand, during the last five years, Spiegel has gone public, diversified into specialty store retailing, and acquired two companies–Eddie Bauer and Honeybee.

Spiegel sales and profits have increased in recent years while its major customers, market size, and workforce have remained constant. During the late 1970s, Spiegel successfully shifted its marketing focus to concentrate on business women; the company upgraded its merchandise to attract these new customers. Spiegel expects this portion of its market to continue to grow. With limited time to shop, the working woman is an ideal customer for catalog and specialty retail sales.

Because of its impact on the upscale market, the 1990/91 recession has had a negative effect on Spiegel's business. However, the company remains financially strong and well positioned to take advantage of the post-recessionary economy. The company expects continued growth through the addition of specialty stores, licensing opportunities, acquisitions, and a recently opened customer service center.

Using sophisticated methods to track and analyze trends, Spiegel does extensive formal planning to ensure catalogs reach their targeted markets. For Spiegel's specialty retail business, the research data helps determine where to locate new stores. Spiegel's strategy is to achieve continued growth by focusing on innovative state of the art technology and improved productivity.

Spiegel's warehouse, located near downtown Chicago and employing 2000 people, was the focus of our study. Eighty percent of the warehouse employees are laborers who store and monitor products, pick and pack merchandise, and ship orders. Spiegel's warehousing operation comprises more than 5 million square feet of warehouse and distribution facilities in the Chicago area and features a merchandise processing control system that handles up to 200,000 orders in one work shift.

Description of the Workforce

The warehouse workforce has an average age of 40 and is 65% female and 35% male. Eighty percent of the workforce is African American, which reflects the demographic composition of the immediate area. Due to the nature of the business a significant number of seasonal employees work from September through December. The warehouse is unionized.

Warehouse workers fill orders using a simple numerical processing system. The work does not demand high-level skills but does require a desire to work.

Wages and Turnover

Wages are above average compared with comparable firms in the industry and with the local labor market. Depending on the job and a person's experience, laborers start at $5.38 – $11.45 per hour and wages can increase to $9.60 – $17.25 per hour.

Company benefits include:

- Profit Sharing
- Pension
- Health Insurance
- Life insurance
- Vacation/Holidays
- Tuition reimbursement
- Employee discount

Warehouse employees have an average tenure of 10 years; there is little turnover.

Labor-Management Relations

Relations between warehouse employees, supervisors, and management are fair. A majority of the management team stated there is a slight problem with labor-management relations. Managers see themselves as encouraging and valuing employee input, but they see the employees as being reluctant to share ideas and opinions. Spiegel solicits employee input through the use of suggestion boxes and the employee grievance process.

The six employees we interviewed questioned whether management was sincerely interested in employee input. They mentioned incidents in which their shared ideas and suggestions were ignored. The employees commented on the repetitious nature of their work, recent workforce reductions, and the impersonal nature of the company.

Training

Spiegel has always encouraged employees to further their educations by offering tuition reimbursement. While employees corporate-wide frequently take advantage of the opportunity, warehouse and other non-managerial employees rarely do.

In late 1990, Harold Dahlstrand decided that perhaps the tuition benefit wasn't being used because many employees did not have a high school education. As a result, he decided to offer a GED program at the warehouse. Dahlstrand asked Spiegel's Training and Development Manager Bob Luse to research program options and develop a GED program that would benefit the warehouse employees. Luse assigned Development Specialist Robbyn Roy to the project.

After researching program options, Roy selected City Colleges of Chicago to be the program provider. Together they developed a curriculum, and in May 1991 they started offering the open-enrollment program. Roy encountered problems with slow take-up by the employees and limited assistance available outside of Spiegel, but the initial reading on the program is that it is a success.

Roy feels assistance in the following areas would be usefuidentifying the learning needs of the workers

- designing a curriculum
- recruiting participants
- evaluating the program's impact

She said, "More direction on the start-up process would have made a difference. Suggestions on types of programs, providers, etc. I felt as though we stumbled through much of the process and got lucky with some of the things we've stumbled upon along the way."

According to Roy, the employees who enrolled in the program are very enthusiastic and positive. However, other employees appear hesitant to take the course.

City Colleges covers the cost of the two instructors and some of the course materials. Spiegel provides the meeting space, a coordinator, and the rest of the materials. Employees who attend do so after their work shift.

Because City Colleges is subsidizing the program, cost has not been an issue. However, Roy mentioned that cost was a primary factor in making her selection of a service provider, and Dahlstrand stated that he was able to offer the program because of the reasonable costs.

The Spiegel warehouse classes are available two days a week from 4:00 to 7:00 p.m. Currently about 20 people are enrolled in the program, which concentrates on basic skill development to prepare the participants for the GED.

Instructors use the TABE test to determine learners' needs. The instructors use a variety of techniques to involve the participants as they teach math, reading, social studies, and literature. Ongoing assessment is done informally.

Management's View of Basic Skills Training

Since training began less than six months before our visit, very little impact/evaluation data were available. Both Roy and the instructors expressed an interest in ideas for evaluating the program.

Roy, who has discussed the program with the instructors and students, expressed satisfaction with the program, but she would like a more structured curriculum.

Roy feels the major strengths of the program include the good informal learning environment, excellent instruction, sense of ownership by instructors and their genuine concern about meeting the learners' needs.

Commenting on major program weaknesses, Roy stated, "I've got to believe there's a much greater need for basic skills in our employee population. We've only seen those who are motivated enough to do something about it." Roy would like more employee participation, a goal also expressed by Dahlstrand, the instructors, and the current participants.

Some suggestions made by the instructors and participants for increasing the enrollment included:

- involving supervisors by having them attend a session
- offering the program during lunch
- providing some company-paid release time
- removing the fear that program attendance will be used against the employee

Workers' Views of Basic Skills Training

Feedback from the employee focus group revealed the program is a huge success from the employees' standpoint. Individuals were taking the classes for a variety of personal reasons. Most people don't see the program having much impact on their job performance, but they felt it was improving their self-esteem and overall attitude. To demonstrate what they learn in class, Howard, a Spiegel employee for 36 years, shared a math trick with us. His energy and enthusiasm was contagious.

Howard stated, "I want to learn to read. I can handle my job and have for 36 years without reading, but I want to learn to read. In fact, I was a supervisor of over 300 employees and I did an excellent job without being able to read. This class has helped me outside of my job. I now read the Bible each Sunday morning in church. It's a challenge to learn to read. But when I retire I plan to sit back and read."

Cleophus, a Spiegel employee for more than 25 years, said, "They are giving us an opportunity to learn. The program will help me on my job, at home, and at church. I can now count the money we raise for the church using percentages. The program has also helped me manage my money at home."

The other employees echoed Cleophus and Howard's enthusiasm about the program. Some plan to use the course as a springboard to return to college and get degrees. All commented on the instructors' skills and patience in teaching them. They liked what they were studying.

Policies to Stimulate Training

None of the hypothetical policies would have an impact on Dahlstrand's decision to implement or expand training. He stated that training is a benefit Spiegel wishes to provide for the warehouse employees, and they will continue to offer the classes for as long as the people enroll.

The employees favored employer-provided workplace training but wished that management provided release time.

Conclusion

Dahlstrand is an individual who believes in giving something back to society. He is dedicated to helping Spiegel employees reach their potential, regardless of the direct benefit to the company. Although the warehouse employees don't need basic skills training to perform their jobs, Spiegel still wants to provide them with an opportunity to grow and develop. A great deal of time was spent exploring reasons for offering the program. I believe Dahlstrand is sincere in his desire to help warehouse employees improve the quality of their life—a commitment that is shared by all.

STEVENS INDUSTRIES, INC.

Company Information

Stevens Industries, Inc. was founded in 1957 by its current President Chuck Stevens. The company began in a two-car garage but quickly moved into a small woodworking shop. Originally, the company built frame wood cabinets of pine, birch and oak to meet the needs of a local market. During the early 1960s the company moved again and expanded into commercial/industrial markets. At that time a proprietary cabinet line was developed for the school market.

During the early 1970s additional employees and engineering staff were hired. Instead of traditional face frame clad cabinets with sprayed lacquer interiors, a decision to offer fully laminated construction, both inside and out, was made; thus the beginning of the frameless cabinet construction and panel processing. By the mid 1970s the company abandoned traditional finished all-wood cabinets to produce only the laminate-clad frameless ones.

In 1976, Stevens began looking at prelaminated melamine low-pressure panels. By 1979, the company had purchased its first melamine quick-cycle Wemhoner Press from the European Woodworking Company in Germany and a Giben Model BOA panel saw. In 1980, the production of melamine laminated products began and a second division, Stevens Laminated Products, was formed to complement the Stevens Cabinet Company. This created a need for a parent company, and Stevens Industries, Inc. was formed.

Stevens Industries currently provides laminated cabinetry for commercial use in hospitals, schools, and nursing homes as well as cabinets for the home kitchen market.

Description of the Workforce

Stevens Industries, Inc. currently employs 400 workers: approximately 40% are in production; 20% in shipping; 20% in engineering; 10% in sales; and a few employees in quality control, human resource management, and maintenance. Overall, the company employs approximately 85% men and 15% women with ages ranging from 17 to 65. All workers are Caucasian and speak English.

The company, which has both a national and international market, is the third or fourth largest employer in the Effingham County area.

Education and Training Program

Stevens Industries, which is dedicated to providing quality products and services, recognizes the importance of providing training to employees in order to remain competitive. As a result, Stevens provides basic skills classes in math and applied communications.

Stevens employees are made aware of the basic skills programs through employee presentations, which are given by the Workforce Education Specialist. These presentations include a description of the classes, an overview of the benefits derived from attending, and distribution of a card with a checklist of classes that the employee may want to attend.

The math class took place two times a week for 15 weeks during the fall of 1990, and the applied communications class was held two times a week for 15 weeks during the spring of 1991. These two classes were non-degree courses. Workers did not receive paid release time to attend classes.

Basic skills classes were held on-site and were paid for by the company. Expenses for the classes included the following:

• Tuition fee.......	$86 per student
• Book................	$5
• Test.................	$15
• Diploma...........	$10

The TABE test was administered before and upon completion of the classes. Overall, the employees tested relatively high.

Teaching methods in the communications classes included interactive group problem solving (role playing), video-tapes, discussion, and some lecturing. The curriculum focused on listening to others, solving problems, avoiding or dealing with conflict, and working with a textbook on basic listening skills. The enthusiastic teacher stated that she spent a lot of time looking for materials to make the classroom activities interesting and relevant.

One participant in the communications class stated that he gained self confidence and was better able to communicate at work and at home. Another participant, a supervisor, thought that all employees could benefit from the communications class. She emphatically supported the expansion of training and education programs in math, reading, writing, communications, and teamwork.

A participant in the math class felt as if she had "lost it" in algebra in high school, so she wanted to brush up on her math skills now. A substitute teacher came to the math class a few times to teach some basic geometry, which the workers found to be more challenging and interesting than basic math.

The teacher of the communications class was employed by the Lake Land Community College. She has a B.S. degree in education, taught high school for five years, worked at the local job service for five years, and has various experiences in business inventory control and personnel. Her business background and experience enabled her to better work with the employees and management at Stevens. She has been employed by Lake Land Community College since 1983.

Currently, no classes are being offered at the company, although the Human Resource Manager expects to start them again in the near future.

Policies to Stimulate Training

The Human Resource management staff recommended providing basic skills training to Stevens employees. The Human Resource Manager had been a member of the State Library Advisory Committee and had learned about basic skills issues while participating on the board. The Safety and Training Coordinator was working on a masters degree in workforce literacy; thus, he also was aware of the problems and issues.

The Human Resource Manager, who reports directly to the president, believes that a government grant program would be the quickest way to help companies finance workforce literacy programs.

He also believes there are not many, if any, test cases that demonstrate the results of workforce literacy programs. If there were such cases, more companies might be willing to invest in the programs.The following hypothetical policies would positively influence Stevens Industries' decisions about conducting basic skills training:

- tests and certification by employee groups or government (strong)
- increased technical assistance for program design and development, especially from employer associations (strong)
- low cost classes available from local community colleges, schools, and other agencies (strong)
- offset of up to 2% of contribution to unemployment insurance fund (strong)
- grants, especially to provide for paid release time (strong)
- guarantees that employees would remain with the firm long enough to recoup investments (strong, but hard to implement)
- evidence that basic skills training pays for itself (moderate, company is already committed)

Not Useful

- local forums or networks (they are already committed)
- tax credits as an incentive (problem keeping track)
- renegotiation of benefit package to trade off the costs
- pay participants a lower wage during training
- employees contributing a percentage of salary to program fund

After discussing the policies to stimulate training, the Human Resource Manager summed up, "If we don't solve this problem, we'll be left in the dust as far as productivity is concerned."Wages and Benefits/Wages are competitive with those of similar employers in the area and are comparable to the average wages in the local labor market. The company does not consider training costs as an offset to wages.

Stevens provides the following benefits to employees:

- health insurance
- life insurance
- disability insurance
- pensions

- profit sharing
- paid vacation and holiday time
- parental leave
- tuition reimbursement
- access to facilities at a health and fitness center after completion of 90 days of work.

Training is viewed by Stevens management as an investment, although no method of tracking the benefits has been developed to date.

Basic skills training does not affect wages, and promotions are not tied to this particular training, though the company does promote from within.

Recruiting qualified workers from the area is a problem because of the geography (rural central Illinois) and the size of the company. The population of Effingham is approximately 38,000, and Stevens employs 400 workers.

Plans for the Future

Classes are completed for the present. The company understands the need for and benefit of basic skills classes, and is currently in the planning stages of the next employee education program to be offered.

WATLOW BATAVIA

Company Background

Watlow-Batavia Inc., a division of International Watlow Corporation, is an Illinois manufacturer of aluminum heating elements. Its products are used by the medical and food industries as well as in T-shirt printing equipment and paint sprayers. Watlow-Batavia Inc.—formerly Magnacast, a manufacturer of coffeemakers—was purchased by International Watlow in 1979. International Watlow was founded in the 1920's and remains privately owned.

Company Description

Buoyed by the experience of good profits in 1989 and 1990, Watlow-Batavia rode the initial waves of the recession relatively well. However, as General Manager Chuck Baughman reported, the company did not escape unscathed as sales turned down and profits dipped in the first six months of 1991. Baughman reacted to the company's sales and profit decline with an aggressive strategy that included better quality control, tighter shipping times, reorganization of work, increased involvement of employees, and redoubled sales efforts to expand the company's customer base. "We've really kept the employees informed, getting them more involved so they know what they do has an impact on business. We announced in June that if things didn't improve we might have to lay off," Baughman said.

Increased domestic competition, the introduction of new technology, and a new Total Quality Program instituted by International Watlow cause Baughman to foresee that expectations of the current labor force will change dramatically in the next five years. Workers will inspect the products they make and be more involved in the operations of the company as Watlow-Batavia moves toward work cells in which employees are totally responsible for the products they make. Both Baughman and Human Resource Manager Kathy Carlson agree that this is where the company is headed.

Carlson relates that there has been no downsizing at Watlow-Batavia, but there have been marketing and sales changes as the company broadens its markets and adds customers. Carlson and Baughman talk about training as part of the strategy for survival; there is a desire to upgrade existing staff, which keeps with Watlow-Batavia's informal policy of promoting from within and rewarding loyalty.

Description of the Workforce

Watlow-Batavia's 64 employees include management, technical, production, and clerical/administrative support workers. Seventy percent of production workers speak Spanish as their primary language, and the nearly all-male shop includes only two women. Workers range in age from 19 to 62 with the average age being 35. Watlow-Batavia is not unionized, although there were efforts to organize the shop in November 1990. Organizers did not generate enough votes to unionize, but the experience opened up discussions between labor and management. According to Carlson, the company has a low turnover rate and employees generally like working at Watlow-Batavia. She describes the company as family oriented.

Carlson also describes employee benefits as excellent and, in her opinion, probably better than at many companies. Benefits include health insurance, life insurance, disability insurance, dental/vision plan, pension plan, 401K program, vacation/holidays, sick leave, parental leave, and tuition reimbursement.

Watlow-Batavia's set wage scale is competitive for the area. Raises and promotions are based on experience, demonstrated skill, and job performance. Job openings are posted, but it was acknowledged that the effectiveness of written postings may be lessened as a result of the large number of employees with limited English speaking and reading skills. Word-of-mouth dissemination of job-related information partially offsets the problem.

No direct relationship between training and promotion exists at Watlow-Batavia, and at present, few promotions are taking place. Nonetheless, training is viewed as an investment and as such is included in the company's annual plan.

Employees who participated in the training program have worked at the company for at least three-and-a-half years. In interviews they describe Watlow-Batavia as a nice place to work. One worker commented that it must be okay, because he was "still here."

Nature of Training

At the time of our interviews, the training program had been in existence for one year. As the Total Quality Program came down from the top, Al Thompson, the quality control manager at Watlow-Batavia, identified a major problem. The limited English speaking, reading, and writing skills of a large portion of the workforce made shop paperwork for the quality control program nearly impossible to complete. Thompson, Carlson, and Baughman initiated a training program. The company paid all the costs of the program in its first year and received a grant from the Secretary of State's office to run subsequent sessions. Waubonsee College provided the training.

Participants in Watlow-Batavia's training program attend the hour-and-a-half English-as-a-Second-Language class on paid release time. Lesson content is general rather than job specific; the philosophy seems to be that if people master basic skills, job integration will follow. An on-site instructor trained by Waubonsee College works with Carlson to develop the curriculum.

The first training group was purposely kept small to provide the opportunity to learn what was needed and what worked in the classroom. Baughman and Carlson toured the shop to make employees aware of the program, and supervisors suggested individuals who might benefit by participation in the class.

Impact of Basic Skills Training

Baughman, Carlson, the supervisors, the employees, and the instructor agree that the biggest impact of the training classes has been improved communications. Carlson maintains that from a human resources perspective improved communication capabilities are important because employees "should be able to come in and tell me their problems." Labor-management relations reportedly have improved as a direct result of improved communication skills.

The company views the training program as important to its survival and is expanding it. The Secretary of State's grant provided the opportunity to add an Adult Basic Education class and to get new materials. Some supervisors hope that the training will become more job integrated so that they can see direct improvements on the production line in the future.

Employees participating in the program reported that they like the classes and the instructor, but they would like more challenging materials.

Policies to Stimulate Training

Management at Watlow-Batavia would respond favorably to evidence from other firms that basic skills training pays for itself in performance and productivity, the availability of free or low cost basic skills classes through a local college or other agency, a percentage offset of the company's unemployment insurance contribution, an employee-supported workplace education and training fund, and the availability of grants.

The education specialist thinks that readily accessible information about program availability in a company's area would overcome some of the barriers to providing training.

Why the Company is Involved in Basic Skills Training

Watlow-Batavia established basic skills training classes as part of its strategy for remaining competitive, but Carlson says company loyalty to its employees is another reason for the program. Baughman believes employers have to deal with the education of workers to stay in business. He says, "Keep wages high and recruit the best." Baughman also believes that government has to help small and medium size businesses pay for basic skills programs.

Conclusions

In the future, Watlow-Batavia plans to test new job applicants and hire no one who scores below the fourth grade level. While this will help the company resolve some of its communication problems, training still is seen as a continuing need. As a result, training is viewed as an investment and, therefore, as an integral part of the company's strategic plan.

Watlow-Batavia's initial program demonstrated that learning workplace English alone does not necessarily lead to improved communication.

As a result, a general skills curriculum has been established.

Noting that other Watlow divisions are more involved with their employees and their communities than is Watlow-Batavia, Baughman says he wants to increase other activities in addition to training that support employees, their families, and their communities.

COOKIE KINGDOM

Company Information

Cookie Kingdom, located in Oglesby, Illinois, is a contract baker of Matt's, Estee, and Mary Ann's Gourmet cookies. Of the 45 people employed at the single plant location, 80% are production workers who mix, bake, and package nearly 1 million cookies a day. The owner, general manager, supervisor, and foreman make up the management team. The rest of the workforce is divided into mixers, machine operators, line workers, and a shipping clerk. Employees have good working relationships.

Training

Cookie Kingdom does not provide basic skills training to employees, and, according to everyone interviewed, there is no need for such training. Employees receive on-the-job training from experienced peers. New hires start on the line (primarily women) or as packers (primarily men). These jobs require dexterity, attention to detail, and a willingness to work, but there is no reading or writing required. Those employees who move up to machine operator positions must have some mechanical aptitude. Those who become bakers need to read, be responsible, and pay close attention to detail. There is a defined ladder for promotion, although turnover is so low that there is little opportunity for advancement.

Management's View of Basic Skills Training

Mrs. Rocky, General Manager of Cookie Kingdom, indicated that a basic skills problem does exist in the U.S. The problem, she says, can be attributed to two sources: an influx of foreigners and the large number of high school drop-outs. The fact that parents don't seem to get involved in their children's education anymore contributes to the growing number of drop-outs, according to Mrs. Rocky. She observes that parents and schools both have responsibilities for addressing the educational needs of children. Small and medium sized businesses can do their part by motivating individuals to go back to school, Mrs. Rocky notes. Specifically, business can provide people with jobs and a decent paycheck. Employers should also be flexible enough to accommodate an individual's school schedule or provide special training and educational opportunities on a case-by-case basis. Finally, she says, the government (federal and state) should provide free classes and advertise them.

Wages and Turnover

Entry level wages at Cookie Kingdom are set just above minimum wage. A new hire's first wage increase comes after 30 days, and subsequent raises are given at 60 days and 6 months. Wage increases are performance based. Management and employees all expressed concern that wages at Cookie Kingdom are a bit lower than those of other employers in the area. "One thing I would like to do," said Mrs. Rocky, "is to give my team more money."

Worker turnover is not a problem at Cookie Kingdom. Most employees have been there since the company was restructured in 1987. Production workers perform as a team and have a solid knowledge of other jobs in the plant. This informal cross-training provides opportunities for variety on the job as well as gives workers a sense of movement throughout the plant. "I want them to move up [to be promoted]. In fact, I expect them to move up," says Mrs. Rocky of her 'team.' Unfortunately, turnover is so low at the company that few opportunities exist for current employees to be promoted.

Experience of the Past and Plans for the Future

When Cookie Kingdom opened its doors in 1982, it employed almost 200 people. Not long after, the company lost its primary account and nearly went under. The company then changed hands and, under the direction of a new owner, several new accounts were added. As a result, the company has increased production and staff, and profits are on the rise. Cookie Kingdom's strategic plan called for installation of a new production line to produce snacks in 1991. Kevin Wilsman, the plant supervisor, hopes the new snack line is an indication of continued growth for the company. "I hope business continues to take off; we could add another shift...," he said.

Planning for the future is done informally. The owner of the company has another cookie/ snack company in Illinois and Cookie Kingdom takes direction from that company as well as from customer demand.

Labor/Management Relations

The company has a "family" philosophy. Everyone works well together and open communication is encouraged at all levels. Martin Warren, the shipping clerk, said enthusiastically: "Its like one big family here. We go out together all the time."

The company has also recently made an aggressive effort to give employees more input on decision-making. There is a safety team, and other employee groups are being considered.

Management and employees share the view that the work environment is friendly and supportive.

Benefits offered include: health insurance, life insurance, holidays/vacation, and tuition reimbursement.

There is no union.

Conclusions

Basic skills training is not an issue for this firm. Employees are treated as individuals and educational programs that benefit the company and employee are offered on a case-by-case basis. The staff with whom we met were all engaged in their work and interested in promoting the profitability of the firm.

The day-to-day involvement of the management team in the operation of the plant allows for interaction with and observation of all employees. People seem to know each other on a personal as well as work level. This is definitely a company strength.

LEWIS SPRING DIVISION OF QUINCY SPRING GROUP

Company Information

Lewis Spring, located in Chicago, Illinois, has manufactured wire springs since 1946 and currently has annual sales of $5 million. Fifty percent of the privately-owned company is owned by Don Sutherland, who lives in New York City. Lewis Spring's 87 employees operate two shifts at the company's single location. The majority (87%) of the employees are production workers engaged directly in manufacturing springs. Sixty percent of the company's products are made for the automotive industry.

The manufacturing operation at Lewis Spring is divided into two departments, Primary and Secondary. Each department has its own operators and set-up people. The Secondary Department is responsible for multiple operations and the Primary Department coils, forms, and heats the springs. Forty percent of the work force is Hispanic and 20% is Polish.

Three division managers report to the Vice President/General Manager. Three to four foremen report to each division manager. All of the managers and foremen are in their 30's and 40's while the general age range of all company employees is from 25 to 70 with the average employee being 45. The workforce is 60% male.

Training

Lewis Spring does not currently provide basic skill training to employees. According to General Manager Mark Andrasik and Secondary Supervisor Robert Vertnik, the basic skills employees at Lewis Spring need include mechanical skills, reading, writing, math, and communication. Vertnik said about half the people in his department have difficulty with technical skills and 30% have difficulty with reading, math, and communication. All employees have difficulty with problem solving. There is a large Polish speaking group and an even larger Hispanic speaking group of employees. Members of each group communicate well with others in the same group, but not with each other. Because of the problem he has communicating with both groups, Vertnik says explaining job responsibilities and procedures requires double to triple the time normally required.

Management tries to promote from within but sometimes is forced to look outside for qualified people. The entire management team expressed interest in providing basic skills training to make Lewis Spring employees better able to meet the production standards required to be competitive and to make the company more profitable.

Management's View of Basic Skills Training

Andreasik started with the company as a cost estimator eleven years ago. His rapid progress culminated when he was promoted to General Manager $1\frac{1}{2}$ years ago. Andreasik feels basic reading, writing, and math skills of most workers are insufficient to handle additional job requirements brought about by technological advances. Employees who are non-native English speaking complicate the picture further.

Policies to Stimulate Training

Andreasik has an interest in implementing a job-integrated basic skills program for all employees, but he sees program costs and the need for employee release time as major barriers. He thinks other small and medium size businesses also are overwhelmed by the financial burden of training and that they are unaware of available options.

Policies that would strongly encourage Andreasik to provide a workplace education program include:

- evidence from other firms that basic skills training pays for itself through increased job performance and productivity
- the establishment of local networks providing employers the opportunity to discuss program contributions and challenges
- tests developed by employer groups and schools certifying workers have basic skills required to perform their jobs
- the availability of technical assistance to assess and evaluate customized programs and vendors

- low cost basic skills programs designed and implemented by a local community college, school, or other agency
- an employer-sponsored training cooperative through which employers share the cost of training
- funding to pay for employee release time while receiving training
- a tax credit for training employees
- an offset in unemployment insurance premiums
- payment of lower wages during training
- employee contribution to cost of training
- grants reducing the firm's out-of-pocket costs

Acceptable training providers include: an in-house trainer, private consultant, local economic development agency, local adult education program, community college, community based organization, private non-profit agency, chamber of commerce, and an employers' association.

Wages and Turnover

Entry level wages at Lewis Spring are average for the area and the industry, according to management. Wage increases are performance based. Additional benefits include health, life, and disability insurance; vacation time; and paid holidays. Recruiting and retaining lower skilled workers is not a problem, but recruiting the more skilled worker has been difficult.

Turnover and absenteeism are average. A slowdown in business caused by the current recession forced the company to lay off 20% of its workforce early in 1991.

Past Experiences and Future Plans

Throughout the company's history, Lewis spring has had few changes in ownership or management. When Andreasik assumed leadership, changes began occurring. Programs to decentralize management and to get more employee input were instituted. According to Andreasik, the company is in the middle of change after years of stagnation.

Andreasik's plans include expanding into new markets to replace lost business resulting from changes in the automotive industry, purchasing new equipment, involving employees more in decision making, and training employees to produce a higher quality product.

Labor-Management Relations

Relations between management and employees are good. Everyone works together well, and open communication is encouraged. Employees remain with the company for many years. During the company's history there have been no strikes or work stoppages. There is no union at the company.

There is a slight reluctance on the part of long-term employees to change, but this will be resolved in time. Language barriers continue to inhibit free communication.

Conclusions

The general manager expressed interest in learning about employee training programs. He believes training is crucial if Lewis Spring is to remain competitive and provide a quality product. Training appears to be an integral component in Andreasik's informal plan for company and employee development.

LITTLE LADY FOODS, INC.

Company Information

In Elk Grove Village, Illinois, a small but growing company is battling successfully to gain a bigger share of the $10 billion frozen and custom pizza market. Formed in 1984, Little Lady Foods, Inc. has grown from $500,000 in sales in 1985 to $8.5 million last year. The company expects to sell $12 million of its customized hand-made pizza products in 1993, according to John Geocaris, president of Little Lady Foods. Geocaris, who projects 30% annual growth for at least the remainder of the decade, anticipates sales of $75 – $100 million by the year 2000.

But such growth will not be without pain and problems, Geocaris admits. It will be increasingly difficult to sustain quality levels, especially with the number of people required to maintain the currently heavy hands-on, labor intensive preparation and assembly processes. The company, which started with seven people, already has 125 employees, most of whom are production workers and most of whom speak little or no English.

In order to provide a restaurant-quality pizza, Little Lady foods uses raw toppings and real cheese and then partially cooks each pizza before freezing, which makes for a more tender crust. Most frozen pizzas are assembled from precooked ingredients and many are not made with real cheese. Each pizza crust is hand fluted and then topped with ingredients that are measured, applied and spread by hand. Dough is mixed on site, and large blocks of real cheese are grated just before being added to the pizzas.

The result of this tender loving care is 10- and 12-inch thin-crust pizzas that rival those found in good pizzerias. The company's Bravissimo pizza is sold by Jewel Foods, Dominick's Finer Foods, Cub Foods, and Treasure Island Foods, a small Chicago area grocery chain. A french-bread pizza is also sold through these outlets. Little Lady Foods currently is developing a private label gourmet pizza for A&P.

Until recently, 80% of Little Lady Foods' sales were to the retail grocery market and 20% were to the food service market. The food service market includes restaurants, schools, prisons, and department store snack shops. Major new contracts with Great America Amusement Parks and Wal-Mart have caused sales to nearly double in the past few months and have brought about a virtually equal balance between retail grocery and food service sales. Little Lady Foods would like to maintain a 50/50 balance between these two markets for the immediate future even though the food service market at an estimated $8 billion annually is significantly larger than the $2 billion retail grocery market.

Rapid recent growth has required Little Lady Food's management to move quickly in order to deliver products on time, but also to keep costs in line while maintaining quality. In a decidedly good move, Geocaris brought a 20-year veteran in the food processing business, Robert Gannett, into Little Lady Foods as Director of Operations two years ago. Gannett completely reorganized the production process and is credited by Geocaris with dramatically increasing production. That reorganization appears to be a big key to Little Lady Foods being able to respond to the needs of recently acquired new accounts, including Wal-Mart's need for 6-inch microwaveable pizzas for 1,200 in-store snack shops.

The new contracts provided Little Lady Foods the opportunity to automate more than it had in the past. Unlike most of its products, the new pizza production process is highly automated; a sophisticated dough press can produce 15,000 six-inch pizzas in an eight-hour shift.

While Geocaris says Little Lady Foods will have to automate more during the coming 5–10 years, he believes many of their production procedures will remain labor intensive. "The main challenge," he says, "is to become more efficient without losing flexibility." What distinguishes his company from others, Geocaris says, is the ability to "create higher quality customized pizzas for customers who for a variety of reasons can't or don't want products by volume producers." He doesn't think that can be done with a completely automated product assembly.

Training

Little Lady Foods does not provide basic skills training to its employees, but both Geocaris and Gannett recognize that continued rapid growth and increased mechanization probably will require the company to provide some sort of program in the future. Because a substantial majority of the company's production workers are Hispanic, the primary need is for English-as-a-Second-Language training. At present, Gannett has been able to find enough bilingual floor supervisors and shift supervisors (15 out of 100+ production workers) to maintain satisfactory levels of communication, but he is concerned about finding enough good people in the years to come. Thirty or more people will be required in the next few years.

In addition to ESL skills, Geocaris thinks basic math skills will become more important as the number of different products increase and as the company becomes more automated. Basic supervisory skills are seen by Geocaris as a major future need. While he recognizes that reading and writing skill deficiencies exist in his work force, Geocaris doesn't see those deficiencies having a direct impact on Little Lady Foods.

Nonetheless, developing basic skills, especially command of English, is the fastest way to promotion within Little Lady Foods. Non-English skill needs are relatively limited: measuring (ingredients), counting (inventory and shipping), computing (shipping costs). Supervisors and quality control technicians will need to be able to track thruput; make weight checks of outgoing product; check inbound materials for quality, weight, count; analyze fat content, moisture content, etc. And, as noted earlier, floor and shift supervisors need supervisory and leadership skill training.

The possibility of promotion is a growing incentive for production workers to take basic skills classes if the company decides to offer them. The opportunities for promotion seem real based on actual and projected company growth coupled with the desire expressed by both Geocaris and Gannett to promote from within. To promote from within probably will mean providing training in ESL and possibly other basic skills.

But in the end, most employees at Little Lady Foods will continue to work on a relatively low-skill production line. Most training will continue to be accomplished on the job by putting new employees on the line with experienced workers. Gannett says that a new employee experiences all the jobs he/she will rotate through in the course of working 3–4 days. To become proficient, some jobs require 1–2 hours of exposure daily for 2–3 weeks, but most can be learned more quickly.

Policies to Stimulate Training

Funding is the biggest problem faced by small and mid-sized companies that otherwise would like to implement a basic skills program for employees, Geocaris says. "Even if it is provable that investment (in basic skills training) is long-term profitable," he said, a company "still doesn't necessarily have money to do it in the short term."

While Geocaris was not asked specifically about job integrated training versus general education, in the course of interviewing both Geocaris and Gannett it became clear that job integrated ESL would be particularly helpful. Some job integrated math would be helpful, but those relatively limited specifics could be done quickly at the end of a general math program or could be included with an ESL program.

Geocaris felt that evidence from other similar firms indicating that basic skills training pays for itself would strongly influence his company's decision to provide such training. Local forums or networks would moderately influence a decision, but testing and certification would have little or no influence. Said Geocaris, "I'm not sure I would trust the certification." But if tests were developed, he would trust those developed by employer groups over all others, with test developed by schools second and by government third.

The availability of technical assistance is a plus, but it would only moderately influence Geocaris. He would be most likely to make use of technical assistance provided by employer associations or state government, but not by the federal government. If a local community college or other provider offered to design and implement a basic skills program at a very low cost, Geocaris would be strongly influenced to start a program. Depending on how much time off work is required, the prospect of providing release time for study would only moderately influence his decision.

If similar industries sponsored a training and education cooperative in which Little Lady Foods could participate, Geocaris would be strongly influenced to implement a program for his employees.

A federal tax credit provides a moderate incentive to Geocaris to start a basic skills program. On the other hand, a 2% reduction in contribution to the unemployment insurance fund would strongly influence Geocaris, if the paperwork were minimal.

A reduced benefit package would not influence him to start a program because at present they have "a minimum benefit package." He wants to improve the benefit package in the future. Under consideration is the establishment of day care facilities or reimbursement for day care costs and employee stock options, in addition to general upgrading of existing benefits.

Paying participants a lower wage would not influence Geocaris, and employee contributions to a workplace training and education fund would have only a moderate influence. He expresses doubt that employees would make such contributions, especially at the relatively low wages available in this industry.

Grants would strongly influence a decision to implement a program as would enforceable contracts with employees that would ensure they would remain with the firm long enough for the company to recoup the investment in training.

On the role of business in education and training, Geocaris expressed mixed feelings. He sees a definite educational problem with the general workforce. "Low level jobs are being automated away," he said. "Jobs now available require increasingly higher skills. We need programs to provide greater skills, but the reality is that public high school education continues to worsen," he noted. "Parents are not performing well," he continued, "schools are not performing well, and business is being left with the task. It won't work in the long run because U.S. business won't be able to compete in the world market. We must get to where schools provide basic skills needed to begin working. Then business can do the rest of the training. In the short term, business has no choice but to do the basic training," Geocaris lamented.

When asked what business can and should do about the education of workers, Geocaris said, "Companies will have to do what they must to make up deficiencies, but they also must help to get the educational system back on track." More businesses should provide workplace education programs, he said, "but only because they have been given no choice." Government, he said, should provide funding for workplace education and should run schools better.

Wages and Turnover

Wages at Little Lady Foods are based both on the food service industry and other industries in the area. They are comparable to similar employers. Salaried positions are lower than at large companies but are about the same as at other small companies.

Training, to the extent it exists, is seen as an investment. Training has no bearing on wages at production levels. At management levels, employees are expected to maintain or increase skills; the company reimburses tuition. There is no direct or immediate correlation with wages. In the long run, there probably is a positive effect. As with wages, there is no direct relationship between training and promotion at this time.

Worker turnover is a minimal problem. On average, one person per month leaves voluntarily or is fired, according to Gannett. Three primary factors affect the decision to fire an employee: attendance, overall performance, ability to work with others. Worker turnover is no impediment to providing basic skills training.

Experiences of the past and plans for the future

Little Lady Foods has undergone major changes in recent years, having gone from 7 employees to 125 and from $500,000 in sales to $8 million in sales during the past six years. The firm has a three-year strategic plan that is revised annually, but they are looking far beyond that with projections of $75-$100 million in sales by the year 2000. About 75% of the company's total employees are women, but fully 90% of production workers are women. Seventy-six percent of all employees are Hispanic and nearly all production workers are Hispanic. Profits are put back into expansion. The company's overall strategy is to continue growing at an annual rate of 30% or more and to be a dominant player in the customized pizza market.

Labor-Management Relations

Positions above entry level are filled internally to the extent qualified people are available. There is no formal mechanism for seeking employee input, but management seems to be available to all employees and appear to have good channels of communication. There is no profit sharing, but management is considering employee stock options as a future benefit. The company benefit package provides health insurance, life insurance, vacation/holidays, parental leave, and tuition reimbursement. Benefits, says Geocaris, are better than at restaurants but not as good as at large companies.

Relations between workers, between workers and supervisors, and between workers and management appear to be positive. However, no individuals other than the president and the director of operations were interviewed, so comments regarding employee feelings are observational in nature.

Management, however, feels the quality of work life is pretty good considering the nature of the work. Employees, they say, are treated well and are "not hit over the head." Production lines are run at a reasonable pace, says Gannet, "so everyone normally can perform within established parameters." People are fired only for cause, and, according to Geocaris, the company gives a lot of second chances to individuals. Both Geocaris and Gannet wish the benefit package was better, but they feel they are doing the best they can with the money available at present. They want to improve benefits, especially support services (e.g., day care). They are trying to increase worker investment and maintain worker morale both on the job and off; last year they started what is to be an annual Christmas party, and this year they added a summer picnic.

Conclusions

Its rapid growth is the most striking aspect of Little Lady Foods, but the high quality pizza at the heart of that growth is the real key to the company's success. Because the product upon which the firm is dependent is "hand built," there is a tremendous dependence on a solid, effective, and positive workforce. It is to management's credit that they have an upbeat workforce when growth and change have been and continue to be so rapid. The challenge will be to keep an ever growing workforce content and productive.

In our view, Little Lady Foods should get an ESL program (with some basic math thrown in) in place quickly or they may find themselves without sufficient numbers of qualified floor supervisors to maintain their level of quality while dramatically increasing production.

PYRAMID NORTHERN MOULDINGS

Company Information

Pyramid Northern Moulding is a subsidiary of TBG, a multi-billion dollar, privately held corporation headquartered in New York City. Established in 1928, Pyramid Northern produces roll-formed metal components which it markets nationally to consumer products manufacturers such as Whirlpool. PNM has approximately 400 employees in four plants in Florida, California, Georgia, and Chicago.

The Chicago operation, which we visited, has 125 production employees and 52 administrative/management employees. The plant workforce is approximately 40% Hispanic. Iranian, Iraqi, Polish, and Russian nationalities are also represented.

Training Policy and Activities

Northern Pyramid Moulding provides some training to its employees. In April 1991 PNM hired an employee relations manager for the Chicago operation who has a teaching background and experience in manufacturing-related training and development . The company provides apprenticeship training, but it also provides training in first aide, fire, safety, Statistical Process Control (SPC), and supervisory skills. Great emphasis is put on safety. The company also has a tuition reimbursement program for job-related courses.

Basic Skills Training

When the employee relations manager tried to implement SPC training, he identified basic skills deficiencies in the areas of speaking, reading, writing, math, and communication. As a result, SPC implementation has been very limited.

As a result of discovering basic skills deficiencies in the NPM workforce, the employee relations manager began gathering information about basic skills and ESL programs. Because he is new to the company, he is uncertain about how management will react to the expense associated with implementing a program. At the time of our interview, he had gotten three proposals, one from DeVry and two from consulting groups. All estimate $25–$35 per employee to assess individual skill levels. The initial reaction of the employee relations manager and of the vice president for human resources is that the estimated costs are high. After gathering further information the ER manager plans to submit a proposal to top management for developing and implementing a basic skills program.

Management Perspective on Training

Management agrees that in order to maintain a competitive edge and prepare for the future Northern Pyramid Moulding must address the basic skills needs of its employees. However, they are unsure how the employees and the union will respond to such programs; the ER manager said he has already met resistance from the union when attempting to implement other programs.

Employees' Perspective on Training

Members of the employee focus group indicated a strong willingness to learn. They were interested in all of the programs the company provides and admitted that many employees, themselves included, could use training in math, reading, writing, and English as a Second Language (ESL). They all believe that you can "show a person how to do the job;" therefore, to them the ability to speak English is not critical. However, reading, math, and writing is important. Employees at NPM need to read blueprints, and math is required for SPC training. Those who supervised others said communication is important to functioning effectively as a team. In fact, they all agreed with the statement one person made that "management needs to understand that without communication, they have nothing." The employees said that the Personnel Department has begun putting shop instructions in both English and Spanish, but with the number of separate nationalities working at NPM, this is not enough.

The employee group also indicated that many NPM workers are taking ESL on their own to qualify for citizenship. They thought that if the company offered classes on sight, more employees would make the effort to learn

English because they could take advantage of classes being conveniently available. They said taking classes after work can be quite a challenge; employees have family obligations and are tired after a long day of work.

The employees suggested that courses be offered mid-day. They also expressed a willingness to share the cost of the program by taking a portion of each class on their own time.

The members of the employee focus group suggested that management survey the employees about their interest in basic skills training. They believe management will find that the employees have a desire to learn.

Supervisors' Perspective on Training

The supervisors we interviewed think the company is ready to implement basic skills training and that employees will take advantage of the program. The supervisors think it might take some time and effort on the company's part, however, to get the employees to participate.

The supervisors said that they do not have the time to train employees as jobs become more complicated. They specifically suggested offering SPC training in various languages.

Reaction to Hypothetical Policies

All of the hypothetical policies would be a strong to moderate influence with the exception of the tax credit, the Unemployment Insurance offset, and the enforceable employee contracts. Management preferred state government and employee association involvement over other alternatives.

Role of Business & Government

Essentially management feels that government and the educational system should do more to understand the needs of small business. They feel that schools are putting too much emphasis on college degrees and not enough on technical/vocational skills.

The employees feel that employers should offer basic skills training.

Wages and Turnover

Wages are comparable to those offered in the local market. Employees feel salary and benefits are good.

Turnover is not a problem. Northern Pyramid has many long-term employees with 15 or more years longevity. As a result, however, there is very little promotional opportunity. No direct relationship exists between training and promotion, and wages are not affected by training.

Management looks at training as a requirement to stay competitive but feels it is hard to measure return on training investment.

Experience of Past/Plans for Future

Northern Pyramid Moulding has not undergone any major changes recently. During the recessionary period in the fall of 1990, NPM laid off five or six people and reduced the work week to four days. However, work shifts are back to normal now, and the company recently hired eight people. None of the new employees have basic skills deficiencies. Management feels they were lucky because so many skilled people are out of work.

NPM management expects an increase in domestic and international competition in the future and anticipates that new technological, educational, and training needs will result. They want to be prepared.

Profits are expected to be down in 1992.

Labor/Management Relations

The union contract expires in 1992. A recent employee survey indicates there are many areas for improvement. The employee focus group indicated that relationships on the shop floor are like family, but they would like communication with management to improve. Management also recognizes there is room for improvement.

Conclusions

The company seems ready to address basic skills training. Top management says the identified basic skills deficiencies may not be a significant problem today, but they are destined to be a serious problem in the future. Management realizes that the company has invested considerable funds for SPC training but can't implement an SPC program without addressing basic skills.

The vice president for human relations has no concept of the cost associated with basic skills training, and his expectation of costs is extremely unrealistic. Fortunately, top management does not see cost as an issue.

Overall, employee morale does not seem good. The employee group indicated that the company would probably consider offering a program if it didn't "cost too much."

READY METAL MANUFACTURING

Description of Company

Ready Metal Manufacturing, located on Chicago's west side, manufactures partitions and fixtures. A family-owned business founded in 1947, Ready Metal has annual sales of $25–$50 million. The number of employees working in the Chicago plant fluctuates from 125 to 250, depending on sales demand. A second plant in Paris, Illinois, is currently being idled.

Training

Ready Metal provides on-the-job training, training in first aid, and other job-related training but no basic skills training at present. However, Doug Marino, the human resource manager, acknowledges the need for basic skills training noting that skills in short supply are reading, writing, math, and communication. He also cites safety issues as important in the shop; serious injury can result from careless mistakes or lack of familiarity with safety procedures.

Management's View of Basic Skills Training

Marino, who feels that everyone has some responsibility for education, says that education should be dealt with collectively, not left in any one sector's lap. "An educated consumer is the best consumer" for business, he says. Marino commented that the government needs to be more aware of what the workplace of the 90s requires. Most companies are automating, he says, and this cuts down on the number of entry-level jobs. Ready Metal itself may eliminate 50 percent of the front-end jobs if its current level of success with automation continues, he stated.

Marino thinks that a study that would identify deficiencies and help employers determine the basic skills needed in specific workplaces could result in a helpful demographic profile. Ultimately, a list of standard skill-based proficiencies could be developed with specific objectives for people to meet. Marino believes that education should be a continuing process that builds on previously attained knowledge.

A general living program would help Ready Metal and its employees the most, Marino asserts. In such a program, the importance of a job would be stressed. "Once people have a commitment to having a job, you can talk about education leading to income. You've got to lay the bridge first," he says. Marino thinks the major barriers to implementing a program of this type would be time and cost. At a bottom line driven company, these are especially important factors. Life skills (e.g. how to start a savings account, how to buy a car, mortgages, checkbooks, help with basic skills) are the most important specific skills that employers could make available to workers, Marino said.

Marino would like to "latch onto a dedicated teacher who would come in to teach skills." However, he wondered aloud how much employee participation there would be if a program were not on company time.

The concept of a joint venture by compatible employers to provide basic skills training holds merit in Marino's opinion. He also expressed interest in a tax credit and in a program to offset unemployment insurance payments as incentives for providing a basic skills program. Other potentially strong influences include the availability and accessibility of grants and a proven recouping of investment.

Wages and Turnover

Ready Metal recently purchased results of a survey showing that its wages are comparable to those of other firms in the area. Ready Metal's wage scale ranges from $5.80 per hour for unskilled workers to $9.50 per hour for skilled people. Employees can receive a pay increase as early as 30 days after hire and can get up to $1.00 an hour more in wages during their first year.

Employees who reach skilled positions and those who stay on the job for three years tend to stay at the company long term. Layoffs have been the cause of most employee turnover, according to Marino. Due to a downturn in sales, Ready Metal's Paris, Illinois facility was closed and there was a 50 percent layoff at the Chicago plant.

Experience of the past/plans for the future

Marino believes that current hiring processes garner very few qualified job applicants. Ready Metal advertises in the local papers, including the Southtown Economist , the Chicago Tribune and the Chicago Sun-Times. Job announcements are also sent to the mayor's office and other governmental agencies that refer potential employees.

Ready Metal has a formal written planning process. The plan's time frame is a year to eighteen months and is adjusted, updated, and distributed every other month. Items covered in the plan include manpower, overtime, and current problems. Marino describes the plan as comprehensive.

The current recession has affected the firm; sales have gone up and down dramatically. As previously noted, the Paris, Illinois plant was closed and the Chicago plant laid off 50% of its employees due to lagging sales. At the time of these interviews, however, Ready Metal is very busy meeting increased demand for its products.

Ready Metal's future probably includes a broader customer base and a more specialized workforce, Marino said. Workers will be more accountable for individual production, and a great deal more training will be required as a result.

Labor/Management Relations

Ready Metal's benefits are also comparable with those provided by other area employers, according to Marino. Health insurance, pension, profit sharing, vacation/holidays, and tuition reimbursement are provided to employees.

The company hires from within when it can. Marino says there seems to be some complacency and some distrust of management; jobs are posted, but there is not much response. Overall, however, Marino characterized - labor/management relations as "pretty good." He mentioned that Total Quality Management gives employees the chance to provide input.

As human resources manager, Marino uses workers' opinions to shape policy. He usually calls together an employee focus group to solicit thoughts and opinions; he considers employees a good source of helpful information.

Conclusions

Ready Metal is a firm that probably would provide basic skills training if the right combination of factors were present. Marino is very interested and has some experience in education himself. He sees the need for basic skills training as his company faces the challenges presented by the changing face of business, especially computerization and mechanization. Marino stressed the importance of technical assistance, networking, evaluation, access to information, and financial support to implementing and maintaining a basic skills program.

WECO INDUSTRIES

Company Information

Weco Industries, located in Bellwood, Illinois, is a manufacturer of component parts for a variety of industries. Started in 1988, Weco had 1991 sales of $600,000. There are 24 employees at the single plant location, 80% of whom are production workers manufacturing or assembling parts. Thirty percent of the workforce speak limited English, and fifty percent of the limited-English-speaking employees are recent immigrants. Carol and Steve Kligis, the husband and wife owners, and Tim Talley, the supervisor, comprise the management team. There is a second supervisor who covers the night shift. The rest of the workforce is divided into operators and assemblers.

Training

The company does not currently provide basic skills training. According to Talley,

the basic skills needed by production workers at Weco include eye-hand coordination, ability to use hand tools such as hammers and screwdrivers, inspecting machines after machine operation, reading, writing, communication, and ability to work independently.

More than 50% of the employees have difficulty with technical skills, according to Talley, but the primary challenge employees have is communication, especially some of the limited English speaking employees. Because of the communication differences, explaining job principles and procedures is more difficult than usual and frequently requires him to spend twice as much time as normal. Talley uses an interpreter to communicate with Vietnamese employees.

Weco has no defined ladder for promotion, but management believes in promoting from within and has done so in the past. The entire management team expressed an interest in providing basic skills training as the company continues to grow. However, as a small, young company the primary focus at this time is on meeting production demands.

Management's View of Basic Skills Training

Carol Kligis indicated that an educational problem exists within the general workforce. She said workers lack the technical skills to adequately perform their jobs, and they lack an understanding of the financial responsibilities and conditions of the company. At the same time, Kligis thinks management frequently has unrealistic expectations of labor. She attributed the problem to poor communication between management and labor. Improved management-labor relations, she said, would reduce the problems businesses experience due to poor communication.

Kligis expressed an interest in revitalizing past training programs such as journeyman and apprenticeship programs. She felt workers need to view education as a continual lifetime experience.

Kligis feels her workforce has slight problems with reading, oral comprehension, and productivity but has significant problems with math and writing. She expressed interest in providing training for the Weco workforce if the financial barriers, including release time, could be overcome.

Small businesses, in particular, have a difficult time affording basic skills training, she said. If government financial assistance in the form of low interest loans were available to finance training and purchase equipment, small businesses could train employees in basic skills as well as in business philosophy and practices.

Policies to Stimulate Training

Policies that would strongly encourage Carol Kligis to provide a workplace education program include:

- availability of technical assistance to assess and evaluate customized programs
- low cost basic skills programs designed and implemented by a local community college, school, or other agency
- using training to offset unemployment insurance contributions

- renegotiating employee benefit packages to trade off the costs for training
- paying participants a lower wage during training
- contribution of a percentage of employees' salaries
- grants reducing the firm's out-of-pocket costs.

Policies that would moderately encourage Kligis to provide a workplace education program include:

- tests prepared by an employer group to certify workers have basic skills required for the job
- funding for paid release time when training employees
- an employer-sponsored training and education cooperative designed to share program costs
- tax credits.

Training providers acceptable to Kligis include: an in-house trainer, local economic development agency, adult education through a local school district, community college, CBO, private non-profit agency, chamber of commerce, employers' association, and JTPA.

Wages and Turnover

Entry level wages are $5.20 an hour with reviews coming at 30 days, 60 days, 90 days, and thereafter annually. Wage increases are performance based. Additional benefits include subsidized medical insurance, paid vacation time, and holidays. Recruiting and retaining workers is not a problem because a huge labor pool exists in the area as a result of massive plant shutdowns and layoffs.

Initially, turnover and absenteeism were high. Management analyzed the problem and found that male employees were absent or quit more frequently than female employees. They also found that women produced a higher quality product. So as the men quit, they were replaced by women. Turnover now is less than 5%.

Carol and Steve Kligis both believe in their workforce. Carol said, "I'd really like to give the employees more money. I try to provide them with little treats. For example, on days when its really hot, I'll bring them popsicles. Our people are great and are our biggest resource."

Past Experiences/Future Plans

Carol and Steve Kligis started their company part-time in the basement of their home in 1988. A year later their bid on a contract to supply components to a large company, ITW, was accepted and they were in business full time. Today their 24 employees work three shifts supplying component parts to a variety of customers. Long range plans include expanding the component and assembly portion of their business.

Carol Kligis said, "Although there is no formal planning process, Steve and I talk about the business constantly. Initially, we planned by necessity. When we obtained the large account, we needed equipment, such as a forklift. We purchased equipment and the warehouse in which we are located. In the future, we want to purchase more equipment and provide additional training for our workers, especially the Vietnamese, many of whom don't speak English. Some of them attend ESL classes through the local school districts. We also want to expand our customer base so we are less dependent on one customer."

Carol handles the financial and administrative side of the business, and Steve handles the sales and manufacturing. Tim Talley is also an integral part of the decision making process.

Labor-Management Relations

Relations between management and employees are good. Everyone works well together. Open communication is encouraged, but the language barrier sometimes inhibits communication. Management, which is hands-on and very involved in day-to-day operations, believes in giving everyone an opportunity. The Kligises and Talley are unprejudiced and open. Employees are treated with respect.

The warehouse was clean and neat, and employees were engrossed in their work.

Management has frequent informal talks with employees, and formal evaluations occur periodically.

Personal difficulties are handled discretely and on an individual basis. For example, an employee who was experiencing financial problems was given an advance to solve the problem.

Weco is not unionized.

Conclusions

Weco Industries is a company ripe for offering job-integrated basic skills training and ESL classes. All members of the management team believe training could enhance productivity but stated that the cost of training is prohibitive. Weco's management team expressed interest in a number of the hypothetical policy statements that included financial assistance.

WILLAMETTE INDUSTRIES

Company Information

The Willamette Industries corrugated container plant at Lincoln, Illinois, is one of 19 plants in the Corrugated Container Division of the $4.5 billion Willamette Industries. The Corrugated Container Division is a small division, and the Lincoln plant is, in turn, a small manufacturing facility. Employing 84 people, the Lincoln plant manufactures large flat corrugated cardboard sheets as well as specific products such as pizza boxes, shipping boxes, etc. Willamette Industries has owned and operated the Lincoln facility since 1984; the plant operated from 1945 to 1984 as U.S. Corrugated.

According to Susie Dumser, an Administrative Specialist IV who serves as the plant's human resource manager, the Boise plant produced the most square feet of product in its history in 1991 and is increasing the size of its workforce slowly. However, prices have been artificially lowered to compete in the current economic environment, so profits are low.

At the time of our visit, the Lincoln plant was operating without a general manager. The general manager, who had been at the Lincoln facility for only 2½ years, was transferred to the Golden, Colorado plant just prior to our visit. He had been brought to Lincoln to put the plant on track, according to the Training/Quality Production (TQP) Facilitator, and has been transferred to the Golden plant "to fix problems there." Labor-management relations are in limbo, therefore, but according to the TQP Facilitator, they are much improved over a few years past.

The Lincoln plant has been working extensive overtime for many months, according to everyone interviewed. Apparently, hourly production workers regularly work up to 50% overtime each week, starting the day shift two hours early, running late, and working Saturdays. The company apparently does not want to add a second shift.

Training

The Lincoln, Illinois Willamette Industries plant offers no basic skills training. According to Michael Casey, the TQP Facilitator, basic skills training is needed. Hired one year ago to handle and/or institute training, Casey came from a packaging company where he did SPC and safety training. Apparently, he was hired to implement SPC on the floor of the plant. SPC training for management has been in place since 1986, but the TQP Facilitator is supposed to implement training for SPC at the shop level. To date, however, actual training has been limited to safety and drug education. Casey stated that he spends only 1% of his time on training.

Management's View of Basic Skills Training

In order to implement SPC training at the shop level, basic skills training apparently is needed. The TQP Facilitator says there are "a lot of people who can't read at a third grade level and don't know math." Many people, he says, can't do basic math or read a ruler, so there obviously is a big math need relative to initiating SPC. He further states, "people can't count. We are constantly over or under shipping."

Casey became aware that a basic skills problem exists by observation and through discussion with Dumser, a 14-year veteran at the Lincoln plant. Casey says he observes people who he knows have a fourth grade education but who are doing important jobs making errors because they can't read all the information on a "print card." A print card designates where the printing goes on a layout of a carton in the flat.

Casey says he is trying to put together a program to permit uncredentialed employees to get a GED or high school certificate. Willamette doesn't hire anyone without a high school degree, he noted, but there are many holdovers from previous ownership who are undereducated. According to the acting HRM, the average seniority of holdover employees is 10–12 years and some people have been with the company 20–30 years. "They were hired," she says, "with no concern for math, reading, etc. They have learned enough to get by." Because the plant is a union shop, the company cannot simply get rid of people who are not up to Willamette's criteria.

Casey notes that one "can't put a functionally illiterate off a machine due to errors."

Willamette Industries would support a basic skills program, Casey states, but he feels obligated to find out what free training sources exist before making a proposal to the company. To date, however, he has done no investigating of local vendors. He says he has encouraged workers to participate in area adult basic education classes. It would be difficult, if not impossible, however, for most Willamette employees to do so given their work schedule.

Local management and supervisors support basic skills training, says Casey, but he has yet to address the issue with the union or with employees directly.

Wages and Turnover

According to the acting human resource manager, hourly rates are lower than other area companies, but with production incentive bonuses, the company is competitive. Benefits, which are seen by the acting HRM as one of the better packages in the area, provide some protection for workers. Hourly workers are covered by life insurance based on income. Accident and sickness insurance pays $170/week for six months. Family health/medical insurance (including dental) is provided at a cost of $20 per month for the family plan. There is maternity leave available (no designated limit, but they put a person on long-term disability if lengthy). The company provides 75% reimbursement for tuition and books for "beneficial" courses. A pension program is in place but is different for salaried and hourly employees. No information was provided on the plan for salaried employees, but the pension program for hourly workers is based on years of service with ten years required for vesting. At present, the monthly retirement income for hourly workers averages $10.50 per year served. There is profit sharing **for salaried employees only**, but the acting HRM thinks hourly workers probably will be included at the next contract negotiation. An SSRP program is in place, again for **salaried employees only**. The acting HRM thinks "a lesser program may be initiated for hourly workers."

Training is considered an investment, but there appears to be little of it except for SPC for management. Training affects wages of hourly workers only to the extent they are able to bid for a better job. However, the incentive apparently amounts to only about $0.50 per hour. Most hourly training is OJT and usually, but not always, occurs before promotion to a higher lever job.

Worker turnover is seen as only a slight problem, yet the acting HRM said that 50% of the people they have hired during the past year have quit. The employees interviewed confirmed that new people do not stay long. The acting HRM says the problem is lack of work ethic. She said, "Work ethic, at least in this area, is not very high right now. My sense is, the younger I get them, the less work ethic there is." Later in the interview, the acting HRM said she is "appalled at the people we see come through. I recently invited 19 people [to interview], 12 showed, 5 had sufficient skills to interview."

Experiences of the Past and Plans for the Future

As noted earlier, the Lincoln plant was sold to Willamette Industries in 1986. Two-and-a-half years ago, a new general manager arrived. He recently was transferred to Willamette's Golden, Colorado plant and a replacement has not been named. The production manager, who was not available to be interviewed, apparently is acting as interim general manager in addition to performing his own duties. No interviewees could shed light on long range planning.

Hourly workers range in age from 18 to 60 with the average age in the mid 30's. The majority of hourly workers are men and the entire clerical staff is female. There is one non-white in the workforce.

Labor-Management Relations

Hourly workers are unionized and bid on jobs in order to advance. Employee input does not appear to be sought on any matters; a weekly meeting of employees is used to communicate information, but doesn't appear to provide much opportunity to elicit feedback. There is tension between workers who see themselves as productive and those they feel aren't. There is a wariness and easily felt tension between workers and supervisors, and an apparent mistrust of management. Employee's view the workplace as unhealthy, unsafe, and unenjoyable. As noted elsewhere, we were unable to speak with management, so management's view of these same issues are not available.

Policy Influences

The strongest potential influences for the company were employer groups, or evidence from other employers that programs helped the bottom line. Company representatives also felt that tax credits and grants would positively influence them to provide a program. Employee contributions of time and wages were also felt to be positive, though unrealistic, motivators to provide programs.

Conclusions

Realistically, however, changes in public policy probably will have no impact on this firm. If the firm ever enters into basic skills training, it will be driven by a need to upgrade and become more competitive regardless of external incentives.

Biographies

Authors

Barbara Geissler, Assistant Director of the Illinois Literacy Resource Development Center, has worked in the fields of education and training for eight years. She is co-author of four reports published by the ILRDC, including *The Mechanics of Success for Families* and *Fine-Tuning the Mechanics of Success for Families.* Geissler has a B.A. from Bowdoin College, Brunswick, ME.

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J. William McVey has 26 years of experience in adult education — 10 years as a full-time adult basic skills and ESL educator; 11 years as Executive Editor and subsequently Vice President for adult education books and learning materials for a major educational publishing company; and five years as a researcher, author and consultant to adult education. McVey now develops and produces adult learning materials through his own company, McVey & Associates, Inc., and is the Senior Consultant to the Center for Workforce Education in Syracuse, NY.

Sharon Powell is a public affairs consultant offering legislative, research, writing and outreach assistance to social service agencies and small alternative businesses. She is also a writer and earned a journalism degree from Drake University in Des Moines, IA.

Blair Brenner is President of the Center for Productivity Improvement where she has helped businesses integrate work force education and company goals. Brenner received a B.S. in communications from the University of Alabama and a master's in speech pathology from Winthop College and has taken graduate courses in adult education, ESL and human resources development.

The ILRDC

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The Center began operation in 1987 with a "Literacy Challenge Grant." The grant was given to the Center based on the demonstrated cooperative efforts of the six major literacy entities in the state. Since 1987, the Center has branched out to address issues in the areas of work force education, family literacy, resource development, policy and evaluation/assessment. The Center's cooperative, inclusive model creates a vehicle for grassroots providers to meet with interested parties from the public sectors to share information, create strategies and impact policy.

Working in the areas of work force education, family literacy, public policy and resource development, the ILRDC takes a leadership role in identifying and addressing emerging issues affecting the literacy field. Through publications, reports and a quarterly newsletter, the Center furnishes information to interested individuals and agencies on a local, state and national level. ILRDC staff members also provide technical assistance and consultations in literacy-related areas.